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XINDA INVESTMENT HOLDINGS LIMITED

鑫達投資控股有限公司

(formerly known as “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 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Xinda Investment Holdings 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 2022 (the “**Period**”) together with selected explanatory notes and the comparative figures for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	82,891	225,480
Cost of sales		<u>(56,369)</u>	<u>(174,407)</u>
Gross profit		26,522	51,073
Selling and distribution expenses		(1,584)	(12,614)
Administrative expenses		(16,162)	(27,257)
Impairment losses on financial assets		(23,505)	(27)
Impairment losses on property, plant and equipment		(1,072)	(31,132)
Impairment losses on right-of-use assets		—	(679)
Impairment losses on goodwill		—	(366)
Impairment losses on other intangible assets		—	(113)
Other income		47	63
Other (losses)/gains — net	5	<u>(7,435)</u>	<u>10,591</u>
Operating loss		(23,189)	(10,461)
Finance income		5,743	5,772
Finance expenses		<u>(5,970)</u>	<u>(6,819)</u>
Finance expenses — net		(227)	(1,047)
Share of net (loss)/profit of associates accounted for using the equity method	6	<u>(265,854)</u>	<u>2,997</u>
Loss before income tax		(289,270)	(8,511)
Income tax expense	7	<u>(28,211)</u>	<u>(707)</u>
Loss for the period		<u>(317,481)</u>	<u>(9,218)</u>
Loss for the period is attributable to:			
Owners of the Company		(317,758)	(8,888)
Non-controlling interests		<u>277</u>	<u>(330)</u>
		<u>(317,481)</u>	<u>(9,218)</u>
Loss per share for loss attributable to owners of the Company (RMB)			
Basic loss per share	8	(0.2140)	(0.0060)
Diluted loss per share	8	<u>(0.2140)</u>	<u>(0.0060)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(317,481)	(9,218)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of overseas operations	<u>(8,785)</u>	<u>555</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(8,785)</u>	<u>555</u>
Total comprehensive loss for the period	<u><u>(326,266)</u></u>	<u><u>(8,663)</u></u>
Total comprehensive loss for the period is attributable to:		
Owners of the Company	(326,543)	(8,333)
Non-controlling interests	<u>277</u>	<u>(330)</u>
	<u><u>(326,266)</u></u>	<u><u>(8,663)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment		434,011	432,568
Right-of-use assets		14,610	15,083
Intangible assets		803	4,715
Deferred tax assets		4,178	33,043
Investments accounted for using the equity method		—	265,854
Deposit	9	23,572	8,000
Other non-current assets		9,465	11,728
		<hr/>	<hr/>
Total non-current assets		486,639	770,991
Current assets			
Inventories		14,305	30,805
Contract assets		203,712	187,722
Trade and other receivables	9	198,908	205,404
Financial assets at amortised cost		53,655	64,035
Restricted cash		2,088	18,341
Cash and cash equivalents		181,567	222,320
		<hr/>	<hr/>
Total current assets		654,235	728,627
		<hr/>	<hr/>
Total assets		1,140,874	1,499,618
Equity and liabilities			
Share capital	10	12,255	12,255
Reserves		1,134,759	1,143,725
(Accumulated losses)/retained earnings		(307,239)	10,519
		<hr/>	<hr/>
Equity attributable to owners of the Company		839,775	1,166,499
Non-controlling interests		1,467	5,092
		<hr/>	<hr/>
Total equity		841,242	1,171,591
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 30 June 2022*

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Liabilities			
Non-current liabilities			
Borrowings		173,400	186,300
Lease liabilities		11,928	12,110
Deferred government grants		2,013	2,066
Deferred tax liabilities		10,208	<u>10,854</u>
Total non-current liabilities		<u>197,549</u>	<u>211,330</u>
Current liabilities			
Trade and other payables	<i>11</i>	55,833	64,883
Contract liabilities		12,607	14,237
Current tax liabilities		7,633	12,250
Borrowings		25,250	24,700
Lease liabilities		760	<u>627</u>
Total current liabilities		<u>102,083</u>	<u>116,697</u>
Total liabilities		<u>299,632</u>	<u>328,027</u>
Total equity and liabilities		<u><u>1,140,874</u></u>	<u><u>1,499,618</u></u>

NOTES

For the six months ended 30 June 2022

1. GENERAL INFORMATION

Xinda Investment Holdings 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 Windward 3, Regatta Office Park, 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.

Pursuant to a special resolution passed on 15 July 2022 and the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 21 July 2022, and the certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registrar in Hong Kong on 4 August 2022, the Company had changed its name from “LongiTech Smart Energy Holding Limited 隆基泰和智慧能源控股有限公司” to “Xinda Investment Holdings Limited 鑫達投資控股有限公司”.

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 Harvest Oak Holdings Limited and Lightway Power Holdings Limited. The ultimate beneficial owner of the Company is Mr. Wei Shaojun (the “**controlling shareholder**”).

2. BASIS OF PREPARATIONS

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2021, 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 year ended 31 December 2021 and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

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

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of electricity	34,129	33,436
Sales of household solar power generation systems and rendering smart energy services	16,886	131,845
Public infrastructure construction	<u>31,876</u>	<u>60,199</u>
	<u>82,891</u>	<u>225,480</u>
<i>Timing of revenue recognition</i>		
At a point in time	47,668	162,024
Over time	<u>35,223</u>	<u>63,456</u>
	<u>82,891</u>	<u>225,480</u>

(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 presents the following two reportable segments:

- Smart energy business, and
- Public infrastructure construction business.

No geographical information is presented as substantially all the Group's business activities were in the People's Republic of China (the "PRC").

Reportable segment profit or loss, assets and liabilities are as follows:

	Smart energy business	Public infrastructure construction business	Unallocated	Intersegment eliminations	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2022 (unaudited)					
Revenue from external customers	51,015	31,876	—	—	82,891
Impairment losses on financial assets	(23,505)	—	—	—	(23,505)
Impairment losses on property, plant and equipment	(1,072)	—	—	—	(1,072)
Finance income	5,695	48	—	—	5,743
Finance expenses	(5,969)	—	(1)	—	(5,970)
Share of net loss of associates accounted for using the equity method	(265,854)	—	—	—	(265,854)
Income tax (expense)/credit	(30,100)	1,889	—	—	(28,211)
(Loss)/profit for the period	(317,315)	2,003	(2,169)	—	(317,481)
<i>Other information</i>					
Depreciation and amortisation	(22,516)	(10)	(52)	—	(22,578)
Additions to non-current assets (Note)	29,204	—	—	—	29,204
As at 30 June 2022 (unaudited)					
Reportable segment assets	1,004,311	216,149	348,868	(428,454)	1,140,874
Reportable segment liabilities	<u>566,177</u>	<u>161,584</u>	<u>325</u>	<u>(428,454)</u>	<u>299,632</u>
Six months ended 30 June 2021 (unaudited)					
Revenue from external customers	165,281	60,199	—	—	225,480
Impairment losses on financial assets	(27)	—	—	—	(27)
Impairment losses on property, plant and equipment	(31,132)	—	—	—	(31,132)
Impairment losses on right-of-use assets	(679)	—	—	—	(679)
Impairment losses on goodwill	(366)	—	—	—	(366)
Impairment losses on other intangible assets	(113)	—	—	—	(113)
Finance income	5,656	116	—	—	5,772
Finance expenses	(6,805)	—	(14)	—	(6,819)
Share of net profit of associates accounted for using the equity method	2,997	—	—	—	2,997
Income tax expense	(707)	—	—	—	(707)
(Loss)/profit for the period	(18,381)	2,240	6,923	—	(9,218)
<i>Other information</i>					
Depreciation and amortisation	(16,469)	(15)	(727)	—	(17,211)
Additions to non-current assets (Note)	35	—	—	—	35
As at 31 December 2021 (audited)					
Reportable segment assets	1,723,643	215,280	357,460	(796,765)	1,499,618
Reportable segment liabilities	<u>964,834</u>	<u>159,635</u>	<u>323</u>	<u>(796,765)</u>	<u>328,027</u>

Note: Additions to non-current assets exclude financial assets and deferred tax assets.

5. OTHER (LOSSES)/GAINS — NET

Six months ended 30 June

2022 2021

RMB'000 RMB'000

(Unaudited) (Unaudited)

Net fair value gains on financial assets at fair value through profit or loss	—	10,019
Net foreign exchange gains/(losses)	1,186	(492)
Net (losses)/gains on disposal of subsidiaries	(8,488)	748
Others	(133)	316
	<u>(7,435)</u>	<u>10,591</u>

6. SHARE OF NET (LOSS)/PROFIT OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Six months ended 30 June

2022 2021

RMB'000 RMB'000

(Unaudited) (Unaudited)

Share of net (loss)/profit of associates	<u>(265,854)</u>	<u>2,997</u>
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Due to the significant downturn of property development industry in the PRC during the six months ended 30 June 2022, certain other receivables held by Gao Bei Dian City Longchuang Central Heating Co., Ltd., an associate of the Group, from the property developer had experienced significant increase in credit risk. A significant loss allowance was recognised on these balances during the current period. Thus, the Group has recognised significant amount of share of loss from the result of associate during the current period.

7. INCOME TAX EXPENSE

Six months ended 30 June

2022 2021

RMB'000 RMB'000

(Unaudited) (Unaudited)

Current income tax	419	(910)
Deferred income tax	<u>(28,630)</u>	<u>203</u>
	<u>(28,211)</u>	<u>(707)</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), 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 2022 (2021: nil).

For the six months ended 30 June 2022, the statutory income tax rate of entities within the Group registered in the PRC is 25% (2021: 25%), except for the following entities entitled to tax exemption or preferential rates:

- Since the respective first revenue-generating year, subsidiaries 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.
- From 1 January 2018 to 31 December 2022, Hoboksar Mongol Autonomous County Sifang Dianjin Energy Co., Ltd, 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.

8. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021, respectively:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	(317,758)	(8,888)
Weighted average number of ordinary shares in issue (thousands)	<u>1,484,604</u>	<u>1,484,604</u>
Basic loss per share (RMB)	<u>(0.2140)</u>	<u>(0.0060)</u>

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2022 and 2021, the exercise prices of the share options exceeded the average market price of ordinary shares of the Company during the respective period, therefore the effect of share options was anti-dilutive and was ignored from the calculation of diluted loss per share.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables (a)	279,002	281,949
Tariff adjustment receivables (b)	<u>120,971</u>	<u>103,309</u>
	399,973	385,258
Less: loss allowance for trade receivables	<u>(229,438)</u>	<u>(205,701)</u>
Total trade receivables	<u>170,535</u>	<u>179,557</u>
Notes receivables	800	400
Prepayments	2,224	4,699
Deposits and other receivables	49,478	29,305
Less: loss allowance for other receivables	<u>(557)</u>	<u>(557)</u>
Gross trade and other receivables	222,480	213,404
Non-current portion	<u>(23,572)</u>	<u>(8,000)</u>
Current Portion	<u>198,908</u>	<u>205,404</u>

As at 30 June 2022, the collection rights of trade receivables derived from solar power plants with carrying amount of RMB161,543,000 (31 December 2021: RMB141,797,000) were pledged as security for the Group's borrowings.

Ageing analysis of trade receivables on gross basis, based on invoice date, is as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	66,742	66,023
1 year to 2 years	40,370	38,322
2 years to 3 years	39,436	74,195
Over 3 years	<u>253,425</u>	<u>206,718</u>
	<u>399,973</u>	<u>385,258</u>

- (a) Trade receivables from sales of home solar power generation systems, rendering smart energy services and sales of electricity are due within six months, one year and one month from the invoice date, respectively. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and ageing. The allowance for trade receivables as at 30 June 2022 and 31 December 2021 was determined as follows:

As at 30 June 2022 (unaudited)

Sales of home solar power generation systems	Not yet past due	Past due within 6 months	Past due between 6 months and 18 months	Past due over 18 months	Total
<i>Individually assessed:</i>					
Gross carrying amount (RMB'000)	116	—	—	199,401	199,517
Loss allowance (RMB'000)	—	—	—	(183,740)	(183,740)
<i>Collectively assessed:</i>					
Expected loss rate	0%	0%	5%	N/A	
Gross carrying amount (RMB'000)	4,334	15,696	467	—	20,497
Loss allowance (RMB'000)	—	—	(21)	—	(21)
Total loss allowance (RMB'000)					<u>(183,761)</u>

As at 31 December 2021 (audited)

Sales of home solar power generation systems	Not yet past due	Past due within 6 months	Past due between 6 months and 18 months	Past due over 18 months	Total
<i>Individually assessed:</i>					
Gross carrying amount (RMB'000)	—	—	—	202,871	202,871
Loss allowance (RMB'000)	—	—	—	(185,802)	(185,802)
<i>Collectively assessed:</i>					
Expected loss rate	0%	0%	5%	N/A	
Gross carrying amount (RMB'000)	3,644	20,364	410	—	24,418
Loss allowance (RMB'000)	—	—	(19)	—	(19)
Total loss allowance (RMB'000)					<u>(185,821)</u>

As at 30 June 2022 (unaudited)

	Not yet past due	Past due within 1 year	Past due between 1 year and 2 years	Past due between 2 years and 3 years	Past due over 3 years	Total
<i>Individually assessed:</i>						
Gross carrying amount (RMB'000)	—	—	1,908	22,179	5,580	29,667
Loss allowance (RMB'000)	—	—	(1,908)	(22,179)	(5,580)	(29,667)
<i>Collectively assessed:</i>						
Expected loss rate	0%	0%	N/A	N/A	N/A	
Gross carrying amount (RMB'000)	2,364	10	—	—	—	2,374
Loss allowance (RMB'000)	—	—	—	—	—	—
Total loss allowance (RMB'000)						<u>(29,667)</u>

As at 31 December 2021 (audited)

	Not yet past due	Past due within 1 year	Past due between 1 year and 2 years	Past due between 2 years and 3 years	Past due over 3 years	Total
<i>Individually assessed:</i>						
Gross carrying amount (RMB'000)	—	1,908	816	10,914	—	13,638
Loss allowance (RMB'000)	—	(1,908)	(816)	(10,914)	—	(13,638)
<i>Collectively assessed:</i>						
Expected loss rate	0%	5%	9%	N/A	16%	
Gross carrying amount (RMB'000)	208	230	16,029	—	200	16,667
Loss allowance (RMB'000)	—	(11)	(1,428)	—	(32)	(1,471)
Total loss allowance (RMB'000)						<u>(15,109)</u>

As at 30 June 2022 (unaudited)

Sales of electricity (non-government entities)	Not yet past due	Past due within 11 months	Past due	Past due	Past due	Past due over 47 months	Total
			11 months and 23 months	23 months and 35 months	35 months and 47 months		
<i>Individually assessed:</i>							
Gross carrying amount (RMB'000)	105	750	1,295	5,990	5,946	1,552	15,638
Loss allowance (RMB'000)	(105)	(750)	(1,295)	(5,990)	(5,946)	(1,552)	(15,638)
<i>Collectively assessed:</i>							
Expected loss rate	0%	0%	5%	9%	13%	16%	
Gross carrying amount (RMB'000)	3,459	6,080	1,213	200	222	135	11,309
Loss allowance (RMB'000)	—	—	(56)	(18)	(28)	(22)	(124)
Total loss allowance (RMB'000)							<u>(15,762)</u>

As at 31 December 2021 (audited)

Sales of electricity (non-government entities)	Not yet past due	Past due within 11 months	Past due	Past due	Past due	Past due over 47 months	Total
			11 months and 23 months	23 months and 35 months	35 months and 47 months		
<i>Individually assessed:</i>							
Gross carrying amount (RMB'000)	52	791	497	581	527	1,113	3,561
Loss allowance (RMB'000)	(52)	(791)	(497)	(581)	(527)	(1,113)	(3,561)
<i>Collectively assessed:</i>							
Expected loss rate	0%	0%	5%	9%	13%	16%	
Gross carrying amount (RMB'000)	1,100	6,354	4,861	7,286	1,098	95	20,794
Loss allowance (RMB'000)	—	—	(222)	(649)	(140)	(15)	(1,026)
Total loss allowance (RMB'000)							<u>(4,587)</u>

As at 30 June 2022 (unaudited)

		Past due	Past due	Past due	Past due		
	Not yet	within	between	between	between	Past due	
Sales of electricity (tariff adjustment receivables)	past due	11 months	11 months and 23 months	23 months and 35 months	35 months and 47 months	over 47 months	Total
<i>Collectively assessed:</i>							
Expected loss rate	0%	0%	0.13%	0.31%	0.55%	0.82%	
Gross carrying amount (RMB'000)	3,828	30,010	37,386	31,337	17,423	987	120,971
Loss allowance (RMB'000)	—	—	(47)	(97)	(96)	(8)	(248)
Total loss allowance (RMB'000)							<u>(248)</u>

As at 31 December 2021 (audited)

		Past due	Past due	Past due	Past due		
	Not yet	within	between	between	between	Past due	
Sales of electricity (tariff adjustment receivables)	past due	11 months	11 months and 23 months	23 months and 35 months	35 months and 47 months	over 47 months	Total
<i>Collectively assessed:</i>							
Expected loss rate	0%	0%	0.13%	0.31%	0.55%	0.82%	
Gross carrying amount (RMB'000)	2,771	30,738	30,416	31,225	6,589	1,570	103,309
Loss allowance (RMB'000)	—	—	(39)	(96)	(36)	(13)	(184)
Total loss allowance (RMB'000)							<u>(184)</u>

- (b) As at 30 June 2022, RMB87,133,000 (31 December 2021: RMB69,800,000) of trade receivables aged over one year represent tariff adjustment receivables, derived from the subsidies in respect of sales of electricity. Applying the expected credit risk model result in loss allowance amounted to RMB248,000 recognised for tariff adjustment receivables as at 30 June 2022 (31 December 2021: RMB184,000).

(c) Movement in the loss allowance of trade and other receivables is as follows:

	Six months ended 30 June 2022 RMB'000 (Unaudited)	Year ended 31 December 2021 RMB'000 (Audited)
Opening balance	206,258	203,853
Increase in loss allowance		
Trade receivables	23,737	2,405
Other receivables	—	—
	<u> </u>	<u> </u>
Closing balance	<u><u>229,995</u></u>	<u><u>206,258</u></u>

10. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Six months ended 30 June 2022 (Unaudited)		
	No. of shares (thousands)	Amount HK\$'000	RMB equivalent RMB'000
As at 1 January 2022 and 30 June 2022	<u>1,484,604</u>	<u>14,846</u>	<u>12,255</u>

During 19 January 2017 to 14 September 2018, the Company granted a total of 125,565,691 share options (the “Options”) under its share option scheme adopted on 22 November 2011 and refreshed on 12 June 2018. The Options entitled eligible participants to subscribe for up to a total of 125,565,691 new shares with par value of HK\$0.01 each in the share capital of the Company. As at 30 June 2022, there were 1,078,200 outstanding share options. For the six months ended 30 June 2022, no expense arising from share-based payment transactions was recognised as part of employee benefit expense (2021: nil).

11. TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	14,565	23,557
Accruals and other payables	<u>41,268</u>	<u>41,326</u>
	<u><u>55,833</u></u>	<u><u>64,883</u></u>

Ageing analysis of trade payables, based on invoice date, is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	5,091	11,976
Over 1 year	<u>9,474</u>	<u>11,581</u>
	<u><u>14,565</u></u>	<u><u>23,557</u></u>

12. DIVIDENDS

During the six months ended 30 June 2022, the Company did not declare any dividends to the shareholders of the Company (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2022 (the “**Period**”), Xinda Investment Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) were principally engaged in smart energy business and public infrastructure construction business, with gradual expansion and diversification to other clean energy businesses and investment businesses.

During the first half of 2022, the Group’s core business was still negatively affected by the lingering of COVID-19 pandemic, upsurge of prices in raw material and the dramatic adjustment of the real estate industry in the PRC. For the Period, the Group’s revenue was RMB82,891,000 (same period of 2021: RMB225,480,000), representing a decrease of approximately 63% as compared to the same period of 2021. Such decrease in revenue was primarily attributable to the substantial decline in sales revenue from the household solar power generation systems business and the decrease in investment in the public infrastructure construction business during the Period. Loss attributable to owners of the Company amounted to RMB317,758,000 (same period of 2021: loss attributable to owners of the Company of RMB8,888,000), representing a significant increase in loss as compared to the same period of 2021. Such increase in loss was primarily attributable to (among others): (i) during the Period, as an associate made significant amount of provision on impairment loss for its certain other receivables held by the associate from the property developer, the Group recognised a net loss of approximately RMB265,854,000 (same period of 2021: recognition of net profit of RMB 2,997,000) for the associate accounted for using equity method; and (ii) due to the changes in operating environment, a deferred tax assets of approximately RMB28,982,000 was derecognised in the Period, compared with nil in the same period of 2021.

BUSINESS REVIEW

Smart Energy Business

The Group’s smart energy business, positioned as comprehensive energy services for the user side, mainly serves to meet the demands from customers in industrial, commercial and residential sectors as well as public institutions. The Group provides its customers with a full range of smart energy comprehensive utilisation services based on various energy sources including electricity, heat and gas by leveraging on its smart energy cloud platform with proprietary intellectual property rights, to help customers improve their energy utilisation efficiency and reduce energy consumption cost, whereby building a diversified, clean and low-carbon energy supply system.

During the Period, the Group’s smart energy business mainly represented operation and management of solar power plants. The Group had 11 solar power plants with an aggregate installed capacity of approximately 64 megawatts (MW). During the Period, the Group had a total power generation capacity of 43,840 megawatts hours (MWh) (same period of 2021: 43,150 MWh). In terms of household solar power generation systems business, as the price of photovoltaic modules continued to rise during the first half of 2022, the profit margin of the sales and installation of the household solar power

generation systems has become very low, the Group has scaled down the expansion for the household solar power generation systems business during the Period, and mainly focused on the disposal of related backlog inventory and holding and operating certain household solar power plants (approximately 18 MW).

During the Period, the smart energy business contributed approximately RMB51,015,000 (same period of 2021: RMB165,281,000) to the Group's revenue, representing a decrease of approximately 69% as compared to the same period of last year, which was primarily attributable to the Group's scaling down of the expansion for its household solar power generation systems business. The smart energy business recorded a loss attributable to owners of the Company of RMB317,315,000 during the Period (same period of 2021: loss attributable to owners of the Company of RMB18,051,000). The significant increase in losses was mainly due to the Group's recognition of a net loss of approximately RMB265,854,000 for the associate accounted for using equity method and derecognition of deferred income tax assets of approximately RMB28,982,000 in the Period.

Public Infrastructure Construction Business

The public infrastructure construction business refers to the business in relation to the construction of public infrastructure and the related preliminary investment and post-construction, operation and management under the Baoding Donghu project (the "**Baoding Donghu Project**"). Affected by the dramatic adjustment of the real estate industry in the PRC, during the Period, the Group has reduced its investment in the Baoding Donghu Project. During the Period, the Baoding Donghu Project contributed approximately RMB31,876,000 (same period of 2021: RMB60,199,000) to the Group's revenue. Profit attributable to owners of the Company amounted to approximately RMB2,003,000 (same period of 2021: profit attributable to owners of the Company of approximately RMB2,240,000). The decrease in both revenue and profit was primarily attributable to the decreased investment made by the Group in the project.

BUSINESS OUTLOOK

During the first half of 2022, the lingering of COVID-19 pandemic, challenges from supply chain disruptions, increasing inflationary pressures and other headwinds continued to bring severe challenges and uncertainties to the global and the PRC's economies. Factors such as escalating prices of photovoltaic raw materials and the dramatic adjustment of the real estate industry in the PRC have brought significant and adverse impact on the Group's household solar power generation systems business, public infrastructure construction business and investment business.

Looking ahead, it is expected that uncertainty factors such as high inflation and the pandemic will continue to impose significant impact on the economic growth. In order to eliminate the risks that may be caused by the complex market environment and maintain its sustainable and healthy development in the future, the Group will closely monitor the coming risks and uncertainties, and actively respond to their impact on the Group's financial positions and performance. In addition, the Group will continue to manage its business development in a prudent manner, continue to review its operation and financial conditions and adopt strict cost control measures to prepare for any uncertainties in its business operation so as to safeguard the best interests of the Company and its shareholders (the "**Shareholder**") as a whole.

FINANCIAL REVIEW

Revenue and Gross Profit

The Group's revenue and gross profit for the Period amounted to RMB82,891,000 (same period of 2021: RMB225,480,000) and RMB26,522,000 (same period of 2021: RMB51,073,000), respectively, representing a decrease in revenue and gross profit of 63% and 48% respectively as compared to the same period of last year. Such decreases were primarily attributable to the decline in revenue and gross profit from the household solar power generation systems business.

Gross profit margin was 32% (same period of 2021: 23%), representing an increase of 9% as compared to the same period of last year. Such increase was primarily attributable to the higher gross profit margin of the solar power plants and the increase of proportion in income.

Selling and Distribution Expenses

The Group incurred selling and distribution expenses of RMB1,584,000 during the Period (same period of 2021: RMB12,614,000), representing a decrease of 87% as compared to the same period of last year. Such decrease was primarily attributable to the decreased selling and distribution expenses of the household solar power generation systems business.

Administrative Expenses

The Group incurred administrative expenses of RMB17,234,000 during the Period (same period of 2021: RMB27,257,000), representing a decrease of 37% as compared to the same period of last year. Such decrease was primarily attributable to the decrease in operating expenses of the household solar power generation systems business.

Finance Expenses, Net

Net finance expenses of the Group amounted to RMB227,000 for the Period (same period of 2021: net finance expenses of RMB1,047,000), representing a decrease of approximately 78% as compared to the same period of last year. Such decrease was primarily attributable to the decrease in interest expense on bank loans in respect of the solar power plants and the public infrastructure construction business.

Income Tax Expense

Income tax expense of the Group amounted to RMB28,211,000 for the Period (same period of 2021: income tax expense of RMB707,000), representing an increase of 3890% as compared to the same period of last year. The increase in income tax expense was primarily attributable to ceasing to recognise deferred income tax assets of RMB28,982,000 in response to the changes in the business environment.

Impairment loss on trade receivables

The Group recognises impairment loss on trade receivables based on the management's assessment on expected credit loss from overdue trade receivables. The assessment is based on the ageing of the overdue trade receivables, clients' payment history and their financial positions and the evaluation of current and forecasted economic circumstances as a whole.

As at 30 June 2022, the Group made provisions for impairment loss of approximately RMB23,737,000 for its trade receivables (same period of 2021: provisions for impairment loss of RMB594,000).

Share of net (loss)/profit of associates accounted for using the equity method

Affected by the dramatic adjustment of the domestic real estate industry, an associate of the Group made a relatively significant amount of provision on impairment loss for its certain other receivables held by the associate from the property developer for the Period. For this reason, the Group recognised a net loss of approximately RMB265,854,000 for the associate accounted for using the equity method for the Period (same period of 2021: recognition of a net profit of RMB2,997,000).

In order to safeguard the legal rights and interests of the Company, the Company has requested the controlling shareholder of the associate to provide a charge over the property in favor of the Company to secure the legal rights and interests of the Company in that associate. The preliminary appraised value of relevant property under charge is approximately RMB260,000,000. The Board and the management of the Company will continue to monitor the operation of that associate, and will also consider further optimisation of the Company's assets and investments. If feasible, the Company will consider to take follow-up measures, including but not limited to the disposal of such investment or requesting the controlling shareholder of that associate to repurchase the shares of that associate held by the Company so as to realize the return of investment for the Company and Shareholders.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2022, bank balances and cash amounted to approximately RMB183,655,000 (as at 31 December 2021: RMB240,661,000), of which approximately RMB2,088,000 (as at 31 December 2021: RMB18,341,000) was restricted bank balances and cash (mainly used for the expenses incurred by the Baoding Donghu Project). The decrease in bank balances and cash was mainly due to the investment in public infrastructure construction business and the acquisition of some household solar power plants.

Total Current Assets and Current Ratio

As at 30 June 2022, total current assets and current ratio (total current assets/total current liabilities) were approximately RMB654,235,000 (as at 31 December 2021: RMB728,627,000) and 6.41 (as at 31 December 2021: 6.24), respectively. Such decrease in total current assets was primarily attributable to the decrease in bank balances and cash and the increase in current ratio was because the ratio of the decrease of current liabilities was higher than that of current assets.

External Borrowings and Pledge of Assets

As at 30 June 2022, the Group had external borrowings of RMB198,650,000 (as at 31 December 2021: RMB 211,000,000), of which RMB198,650,000 was secured by certain of the machinery of solar power plants with a carrying amount of RMB256,569,000 and the collection rights of future receivables of certain subsidiaries (as at 31 December 2021: RMB211,000,000 was secured by certain of the machinery of solar power plants with a carrying amount of RMB266,055,000 and the collection rights of future receivables of certain subsidiaries).

Gearing Ratio

The table below sets forth the calculation of the gearing ratio of the Group as at the dates indicated:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Bank loans	198,650	211,000
Lease liabilities	12,688	12,737
Less: Cash and cash equivalents	(181,567)	(222,320)
Restricted cash	<u>(2,088)</u>	<u>(18,341)</u>
Net debt/(cash)	27,683	(16,924)
Total equity	<u>841,242</u>	<u>1,171,591</u>
Total capital (Net debt/(cash) plus total equity)	<u>868,925</u>	<u>1,154,667</u>
Gearing ratio (Net debt/total capital)	<u>3.2%</u>	<u>N/A</u>

As at 30 June 2022, the net debt of the Group was RMB27,683,000, which was primarily attributable to the decrease in cash and cash equivalents held.

The proportion of long-term and short-term debts was 87.7% and 12.3%, respectively (as at 31 December 2021: 64.4% and 35.6%), of which borrowings of the solar power business amounting to RMB198,650,000 were gradually repaid with proceeds from electricity sales. Therefore, the Group was 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, the external borrowings, which mainly represent bank borrowings for solar power plants, bear interests at rates ranging from 5.10% to 5.33% per annum (as at 31 December 2021: 5.39% to 5.63% per annum).

The interest rates applicable to the borrowings of the solar power plants were charged at the lending rate of the People's Bank of China for the same period plus 10% to 15%. Its risk is derived from the volatility in China's policy on interest rate, but the Group expects the impact of the interest rate risk on the Group's consolidated profit or loss to be insignificant.

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 exchanges. The exchange rates adopted for 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 Period, and the impact of foreign currency risk on the Group's operation is minimal.

Investment Commitments

As at 30 June 2022, the Group had investment commitments of approximately RMB101,600,000 (as at 31 December 2021: RMB101,600,000), which were mainly the Group's obligations of capital contribution to its associated company, Longyao (Beijing) Clean Energy Technology Company Limited* (隆耀(北京)清潔能源科技有限公司) that shall be fulfilled before 31 December 2025.

Contingent Liabilities

As at 30 June 2022, the Group did not have any contingent liabilities (as at 31 December 2021: nil).

Fund Raising Activities

The Company did not have any fund raising activities during the Period.

MATERIAL ACQUISITION, INVESTMENT AND DISPOSAL

Material Acquisition and Investment

The Group had no material acquisition and investment during the Period.

Material Disposal

The Group had no material disposal during the Period.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 67 employees as at 30 June 2022 (as at 31 December 2021: 80 employees). The decrease in the number of employees was mainly due to the Group's scaling down of its household solar power generation systems business during the Period. Employees are 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.

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 (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the Period, except for the following deviations:

Mr. Wei Qiang, an executive Director, is the chief executive officer and the chairman of the Board. According to Provision C.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 vesting the roles of both the chairman and the chief executive officer in the same person 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 and provide sufficient supervision to protect the interests of the Company and the Shareholders.

On 8 July 2022, Mr. Han Xiaoping (“**Mr. Han**”) has resigned as an independent non-executive Director of the Company, a member of each of the audit committee (“**Audit Committee**”) and nomination committee (“**Nomination Committee**”) of the Board due to his health reason. According to Rules 3.10(1) of the Listing Rules, the Board must include at least three independent non-executive directors. Rule 3.21 of the Listing Rules requires, among others, an audit committee to comprise a minimum of three members. In addition, Rule 3.27A of the Listing Rules provides that the nomination committee must be comprise a majority of independent non-executive director. Since the resignation of Mr. Han, the Board includes only two independent non-executive Directors, the Audit Committee comprises only two members, and the Nomination Committee does not have a majority of independent non-executive Director. The Board is endeavoring to identify a suitable candidate to be appointed as an independent non-executive Director and fill the associated vacancies as soon as practicable within three months, that is before 7 October 2022 to ensure compliance with the relevant rules, and will make further announcement(s) as and when appropriate.

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, together with the management, has 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 2021: 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.

POST-PERIOD EVENTS

Pursuant to a special resolution passed on 15 July 2022 by the Company, the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 21 July 2022, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registrar in Hong Kong on 4 August 2022, the Company had changed its name from “LongiTech Smart Energy Holding Limited 隆基泰和智慧能源控股有限公司” to “Xinda Investment Holdings Limited 鑫達投資控股有限公司”.

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 2022 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
Xinda Investment Holdings Limited
Wei Qiang
Chairman

Hebei, 30 August 2022

As at the date of this announcement, the executive Director is Mr. Wei Qiang, and the independent non-executive Directors are Dr. Han Qinchun and Mr. Wong Yik Chung, John.