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XINDA INVESTMENT HOLDINGS LIMITED

鑫達投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1281)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Xinda Investment Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2022 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
Revenue	3(a)	114,030	195,209
Cost of sales	4	(89,176)	(144,633)
Gross profit		24,854	50,576
Selling and distribution expenses	4	(219)	(2,153)
Administrative expenses	4	(20,937)	(32,582)
Impairment losses on non-financial assets	4	(58,794)	—
Reversal of impairment losses/(impairment losses) on financial assets	5	5,012	(15,272)
Other income		131	176
Other gains/(losses) — net	6	1,654	(4,722)
Operating loss		(48,299)	(3,977)

Consolidated Statement of Profit or Loss (Continued)

For the year ended 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
Finance income		3,304	7,373
Finance expenses		<u>(9,884)</u>	<u>(11,815)</u>
Finance expenses — net		(6,580)	(4,442)
Share of net profit/(loss) of associates accounted for using the equity method		<u>30,520</u>	<u>(265,854)</u>
Loss before income tax		(24,359)	(274,273)
Income tax credit/(expense)		<u>3,958</u>	<u>(31,875)</u>
Loss for the year		<u>(20,401)</u>	<u>(306,148)</u>
(Loss)/profit for the year is attributable to:			
Owners of the Company		(18,179)	(306,368)
Non-controlling interests		<u>(2,222)</u>	<u>220</u>
		<u>(20,401)</u>	<u>(306,148)</u>
Loss per share for loss attributable to owners of the Company (RMB):			
Basic	8	<u>(0.0122)</u>	<u>(0.2064)</u>
Diluted	8	<u>(0.0122)</u>	<u>(0.2064)</u>

Consolidated Statement of Comprehensive income

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year	(20,401)	(306,148)
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of foreign operations	<u>5,516</u>	<u>818</u>
Other comprehensive income for the year, net of tax	<u>5,516</u>	<u>818</u>
Total comprehensive loss for the year	<u>(14,885)</u>	<u>(305,330)</u>
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(12,663)	(305,550)
Non-controlling interests	<u>(2,222)</u>	<u>220</u>
	<u>(14,885)</u>	<u>(305,330)</u>

Consolidated Statement of Financial Position

As at 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		341,541	422,255
Right-of-use assets		14,121	14,792
Intangible assets		67,441	77,407
Investment properties		5,355	—
Deferred tax assets		3,245	3,527
Investments accounted for using the equity method		—	—
Deposits	11	23,570	23,570
Other non-current assets		<u>9,063</u>	<u>9,077</u>
Total non-current assets		<u>464,336</u>	<u>550,628</u>
Current assets			
Inventories		4,864	6,666
Contract assets	9	184,360	190,592
Trade and other receivables	11	255,288	218,714
Other financial assets measured at amortised cost	10	—	—
Restricted cash		38	7,817
Cash and cash equivalents		<u>227,705</u>	<u>205,381</u>
Total current assets		<u>672,255</u>	<u>629,170</u>
Total assets		<u>1,136,591</u>	<u>1,179,798</u>
Equity and liabilities			
Share capital		12,255	12,255
Reserves		1,152,005	1,144,863
Accumulated losses		<u>(316,155)</u>	<u>(296,350)</u>
Equity attributable to owners of the Company		848,105	860,768
Non-controlling interests		<u>3,308</u>	<u>5,530</u>
Total equity		<u>851,413</u>	<u>866,298</u>

Consolidated Statement of Financial Position (Continued)

As at 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Liabilities			
Non-current liabilities			
Borrowings		133,600	160,500
Lease liabilities		10,485	12,458
Deferred government grants		1,852	1,959
Deferred tax liabilities		15,783	18,846
Contract liabilities		20,451	15,715
Total non-current liabilities		<u>182,171</u>	<u>209,478</u>
Current liabilities			
Trade and other payables	12	52,705	56,793
Contract liabilities		8,902	8,666
Current tax liabilities		11,732	12,059
Borrowings		26,900	25,800
Lease liabilities		2,768	704
Total current liabilities		<u>103,007</u>	<u>104,022</u>
Total liabilities		<u>285,178</u>	<u>313,500</u>
Total equity and liabilities		<u>1,136,591</u>	<u>1,179,798</u>

Notes

For the year ended 31 December 2023

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 since 12 January 2012.

The Company and its subsidiaries (together the “Group”) are principally engaged in smart energy business and public infrastructure construction business. For this reporting period, 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 PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS Accounting Standards”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on a historical cost basis.

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). As the Group’s operations are principally conducted in the People’s Republic of China (“PRC”), the consolidated financial statements have been presented in the Chinese Reminbi (“RMB”) rather than its functional currency of HK\$.

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

2.1 New standards, interpretations and amendments adopted by the Group

The Group has adopted all the new standards and amendments which are effective for the Group’s accounting periods beginning on or after 1 January 2023 throughout the year ended 31 December 2023.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

None of these new standards and amendments has a material impact on the Group’s results and financial position for the current or prior period except as described below.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting policies” with “material accounting policy information”. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

2.2 New standards, interpretations and amendments not yet effective

The following published amendments to standards are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group:

Amendments to IFRS 16	Lease liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) ¹
Amendments to IAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) ¹
Amendment to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after a date to be determined

These amendments to standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Sales of electricity	69,261	73,486
Sales of household solar power generation systems and rendering smart energy services	26,022	30,776
Public infrastructure construction	<u>18,747</u>	<u>90,947</u>
	<u>114,030</u>	<u>195,209</u>
<i>Timing of revenue recognition</i>		
At a point in time	80,988	98,070
Over time	<u>33,042</u>	<u>97,139</u>
	<u>114,030</u>	<u>195,209</u>

For the year ended 31 December 2023, there was one customer (2022: one customer) with which the Group's transactions exceeded 10% of total revenue. One customer (2022: one customer) was from public infrastructure construction business and none (2022: none) was from smart energy business. For the year ended 31 December 2023, revenue derived from this customer amounted to RMB18,747,000 (2022: RMB90,947,000).

(b) Segment reporting

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

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

No geographical information is presented as substantially all of the Group's business activities were in the PRC.

(c) Reportable segment profit or loss, assets and liabilities

	Smart energy business <i>RMB'000</i>	Public infrastructure construction business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Intersegment eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023					
Revenue from external customers	95,283	18,747	—	—	114,030
Reversal of impairment losses on financial assets	5,012	—	—	—	5,012
Impairment losses on property, plant and equipment	(50,960)	—	—	—	(50,960)
Impairment losses on goodwill	(7,298)	—	—	—	(7,298)
Impairment losses on right-of-use assets	(536)	—	—	—	(536)
Finance income	3,250	41	13	—	3,304
Finance expenses	(9,884)	—	—	—	(9,884)
Share of net profit of associates accounted for using the equity method	30,520	—	—	—	30,520
Income tax credit	3,672	286	—	—	3,958
Loss for the year	(348)	(15,727)	(4,326)	—	(20,401)
Other information					
Depreciation and amortisation	(35,038)	—	(45)	—	(35,083)
Additions to non-current assets (Note)	7,721	—	—	—	7,721
As at 31 December 2023					
Reportable segment assets	991,680	204,199	369,166	(428,454)	1,136,591
Reportable segment liabilities	<u>546,167</u>	<u>165,630</u>	<u>1,835</u>	<u>(428,454)</u>	<u>285,178</u>

	Smart energy business <i>RMB'000</i>	Public infrastructure construction business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Intersegment eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022					
Revenue from external customers	104,262	90,947	—	—	195,209
Impairment losses on financial assets	(15,272)	—	—	—	(15,272)
Finance income	7,193	179	1	—	7,373
Finance expenses	(11,814)	—	(1)	—	(11,815)
Share of net loss of associates accounted for using the equity method	(265,854)	—	—	—	(265,854)
Income tax expense	(31,464)	(411)	—	—	(31,875)
(Loss)/profit for the year	(304,018)	818	(2,948)	—	(306,148)
Other information					
Depreciation and amortisation	(36,272)	(52)	(71)	—	(36,395)
Additions to non-current assets (Note)	31,019	—	—	—	31,019
As at 31 December 2022					
Reportable segment assets	960,147	215,908	346,827	(343,084)	1,179,798
Reportable segment liabilities	<u>492,838</u>	<u>161,612</u>	<u>2,134</u>	<u>(343,084)</u>	<u>313,500</u>

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

4. EXPENSES BY NATURE

Cost of sales, selling and distribution expenses, administrative expenses and impairment losses on non-financial assets in the consolidated statement of profit or loss are listed by nature as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Changes in inventories of finished goods	1,478	15,962
Subcontract costs	31,883	82,917
Heat supply costs	11,468	4,300
Employee benefit expense	12,158	16,891
Depreciation and amortisation	35,083	36,395
Consulting and legal fees	1,811	3,210
Repair and maintenance expenses	8,281	8,220
Transportation and travelling expenses	419	704
Promotion and advertising expenses	—	304
Short term lease expenses and low-value assets lease expenses	1,658	1,914
Impairment losses on non-financial assets		
— property, plant and equipment	50,960	—
— goodwill	7,298	—
— right-of-use assets	536	—
	<u>58,794</u>	—
Reversal of inventories write-down	—	(22)
Utilities	3,433	6,172
Auditor's remuneration		
— Audit services	1,500	1,800
— Non-audit services	200	300
Others	<u>960</u>	<u>301</u>
Total cost of sales, selling and distribution expenses, administrative expenses and impairment losses on non-financial assets	<u><u>169,126</u></u>	<u><u>179,368</u></u>

5. (REVERSAL OF IMPAIRMENT LOSSES)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Reversal of impairment losses on other financial assets measured at amortised cost	(929)	(8,302)
(Reversal of impairment losses)/impairment losses on trade and other receivables	<u>(4,083)</u>	<u>23,574</u>
	<u><u>(5,012)</u></u>	<u><u>15,272</u></u>

6. OTHER GAINS/(LOSSES) — NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net foreign exchange (losses)/gains	(2,549)	3,589
Net (losses)/gains on disposal of property, plant and equipment	(15)	26
Loss on disposal of subsidiaries	—	(8,488)
Gain on derecognition for portion of other financial assets measured at amortised cost settled by investment properties	5,369	—
Others	<u>(1,151)</u>	<u>151</u>
	<u><u>1,654</u></u>	<u><u>(4,722)</u></u>

7. INCOME TAX CREDIT/(EXPENSE)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax	1,177	(2,927)
Deferred income tax	<u>2,781</u>	<u>(28,948)</u>
	<u><u>3,958</u></u>	<u><u>(31,875)</u></u>

- (a) 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.
- (b) The Group did not make any provisions for Hong Kong profit tax as there were no assessable profits arising in Hong Kong during the year ended 31 December 2023 (2022: nil).
- (c) For the year end 31 December 2023, the statutory income tax rate of entities within the Group registered in the PRC is 25% (2022: 25%), except for certain entities entitled to tax exemption or preferential rates.

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 year:

	2023	2022
Loss attributable to owners of the Company (RMB'000)	(18,179)	(306,368)
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><u>(0.0122)</u></u>	<u><u>(0.2064)</u></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 years ended 31 December 2023 and 2022, diluted loss per share is the same as basic loss per share because the exercise price of the Company's share options was higher than the average market price per share.

9. CONTRACT ASSETS

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Unbilled revenue of construction contracts	<u>184,360</u>	<u>190,592</u>

Contract assets are included in current assets as the Group expects to realise these within its normal operating cycle. As at 31 December 2023 and 2022, the Group assessed the impact of loss allowance for impairment of contract assets was insignificant.

10. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Loans to third parties	49,385	55,683
Less: loss allowance	<u>(49,385)</u>	<u>(55,683)</u>
	<u>—</u>	<u>—</u>

Interests from loans to third parties charged at commercial rates are included in finance income.

For debt investments at amortised cost showing a significant increase in credit risk since initial recognition, a total allowance of lifetime expected credit losses amounting to approximately RMB49,385,000 was recognised as at 31 December 2023 (2022: RMB55,683,000).

Movement in the loss allowance of other financial assets measured at amortised cost is as follows:

	Loans to related parties (a)	Loans to third parties (b)	Receivable relating to investment in Shandong Hailifeng (c)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	2,282	61,703	6,345	70,330
Decrease in loss allowance	(2,282)	(6,020)	—	(8,302)
Written-off	<u>—</u>	<u>—</u>	<u>(6,345)</u>	<u>(6,345)</u>
As at 31 December 2022 and 1 January 2023	—	55,683	—	55,683
Decrease in loss allowance	—	(929)	—	(929)
Derecognition for portion settled by investment properties	<u>—</u>	<u>(5,369)</u>	<u>—</u>	<u>(5,369)</u>
As at 31 December 2023	<u>—</u>	<u>49,385</u>	<u>—</u>	<u>49,385</u>

- (a) For the year ended 31 December 2023, no loss allowance was reversed for loans to related parties (2022: RMB2,282,000).
- (b) The Group's loans to third parties mainly include various loans provided to target companies in accordance with the payment arrangement of potential acquisition transactions. The Group recovered part of the loans during the year ended 31 December 2023, a total allowance for expected credit losses amounting to approximately RMB49,385,000 was recognised as at 31 December 2023 (2022: RMB55,683,000).

During the year ended 31 December 2023, RMB5,369,000 (2022: RMBnil) was recovered by transfer of investment properties, and the remainings recoveries were by cash settlement.

The security of loans to third parties is as follows:

Principal amount as at 31 December 2023	Pledged assets	Guarantees
<i>RMB'000</i>		
2,000	Borrower's assets	By the borrower's controlling shareholder and an independent third party
6,980	Equity interest in the borrower	By the borrower's parent company, controlling shareholder and his spouse
23,671	Borrower's assets and equity interest in a third-party company	By one of the shareholders of the borrower and independent third parties

As at 31 December 2023 and 2022, the Group's other financial assets measured at amortised cost were all denominated in RMB.

Since the other financial assets measured at amortised cost were short-term in nature and the interest rates were close to the market rates, the carrying amounts of other financial assets measured at amortised cost were not materially different from their fair values as at 31 December 2023 and 2022.

- (c) The net carry amount of RMB53,655,000 was transferred as the consideration of acquiring Shandong Shengfeng Heating Co., Limited on 30 September 2022.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	RMB'000
Trade receivables (a)	287,572	288,718
Tariff adjustment receivables (b)	149,113	122,912
	436,685	411,630
Less: loss allowance	(225,192)	(229,275)
Total trade receivables	211,493	182,355
Prepayments	1,302	2,992
Deposits and other receivables	66,620	57,494
Less: loss allowance	(557)	(557)
Total trade and other receivables	278,858	242,284
Non-current portion	(23,570)	(23,570)
Current portion	255,288	218,714

As at 31 December 2023, the collection rights of trade receivables derived from certain solar power plants with carrying amount of RMB148,612,000 (2022: RMB132,653,000) were pledged as security for the Group's borrowings.

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

	2023	2022
	RMB'000	RMB'000
Within 1 year	53,209	66,496
1 year to 2 years	57,378	50,808
2 years to 3 years	47,721	37,076
Over 3 years	278,377	257,250
	436,685	411,630

- (a) Trade receivables from sales of household solar power generation systems are due within 180 days from the date of billing. Trade receivables from rendering smart energy services are due within one year from the date of billing. Trade receivables from sales of electricity are due within one month from the date of billing. 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 31 December 2023 and 2022 was determined as follows:

As at 31 December 2023

Sales of household solar power generation systems	Not yet past due	Past due within 6 months	Past due between 6 months to 18 months	Past due over 18 months	Total
<i>Individually assessed:</i>					
Gross carrying amount (RMB'000)	—	—	—	191,203	191,203
Loss allowance (RMB'000)	—	—	—	(179,868)	(179,868)
<i>Collectively assessed:</i>					
Expected loss rate	0%	0%	5%	9%	
Gross carrying amount (RMB'000)	7,028	5,227	10,958	8,033	31,246
Loss allowance (RMB'000)	—	—	(509)	(723)	(1,232)
Total loss allowance (RMB'000)					<u>(181,100)</u>

As at 31 December 2022

Sales of household solar power generation systems	Not yet past due	Past due within 6 months	Past due between 6 months to 18 months	Past due over 18 months	Total
<i>Individually assessed:</i>					
Gross carrying amount (RMB'000)	—	—	—	197,307	197,307
Loss allowance (RMB'000)	—	—	—	(182,820)	(182,820)
<i>Collectively assessed:</i>					
Expected loss rate	0%	0%	5%	10%	
Gross carrying amount (RMB'000)	8,409	4,508	10,139	410	23,466
Loss allowance (RMB'000)	—	—	(515)	(41)	(556)
Total loss allowance (RMB'000)					<u>(183,376)</u>

As at 31 December 2023

Rendering smart energy services	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	27,693	29,601
Loss allowance (RMB'000)	—	—	—	(1,908)	(27,693)	(29,601)
<i>Collectively assessed:</i>						
Expected loss rate	0%	5%	9%	13%	16%	
Gross carrying amount (RMB'000)	—	343	4,289	3,100	—	7,732
Loss allowance (RMB'000)	—	—	(199)	(279)	—	(478)
Total loss allowance (RMB'000)						<u>(30,079)</u>

As at 31 December 2022

Rendering smart energy services	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)	56	—	1,908	16,845	10,914	29,723
Loss allowance (RMB'000)	(56)	—	(1,908)	(16,845)	(10,914)	(29,723)
<i>Collectively assessed:</i>						
Expected loss rate	0%	5%	N/A	N/A	N/A	
Gross carrying amount (RMB'000)	5,627	3,100	—	—	—	8,727
Loss allowance (RMB'000)	—	(157)	—	—	—	(157)
Total loss allowance (RMB'000)						<u>(29,880)</u>

As at 31 December 2023

		Past due within 11 months	Past due between 11 months and 23 months	Past due between 23 months and 35 months	Past due between 35 months and 47 months	Past due over 47 months	Total
Sales of electricity (non-government entities)	Not yet past due						
<i>Individually assessed:</i>							
Gross carrying amount (RMB'000)	—	—	649	857	4,278	7,500	13,284
Loss allowance (RMB'000)	—	—	(649)	(857)	(4,278)	(7,500)	(13,284)
<i>Collectively assessed:</i>							
Expected loss rate	0%	0%	5%	9%	13%	16%	
Gross carrying amount (RMB'000)	1,550	7,227	4,671	469	194	395	14,506
Loss allowance (RMB'000)	—	—	(217)	(42)	(25)	(65)	(349)
Total loss allowance (RMB'000)							<u>(13,633)</u>

As at 31 December 2022

		Past due within 11 months	Past due between 11 months and 23 months	Past due between 23 months and 35 months	Past due between 35 months and 47 months	Past due over 47 months	Total
Sales of electricity (non-government entities)	Not yet past due						
<i>Individually assessed:</i>							
Gross carrying amount (RMB'000)	—	649	857	4,278	7,658	2,154	15,596
Loss allowance (RMB'000)	—	(649)	(857)	(4,278)	(7,658)	(2,154)	(15,596)
<i>Collectively assessed:</i>							
Expected loss rate	0%	0%	5%	10%	14%	18%	
Gross carrying amount (RMB'000)	3,446	6,610	3,254	194	196	199	13,899
Loss allowance (RMB'000)	—	—	(165)	(19)	(28)	(35)	(247)
Total loss allowance (RMB'000)							<u>(15,843)</u>

As at 31 December 2023

		Past due between 11 months and 23 months	Past due between 23 months and 35 months	Past due between 35 months and 47 months	Past due over 47 months	Total
Sales of electricity (tariff adjustment receivables)	Not yet past due	Past due within 11 months				
<i>Collectively assessed:</i>						
Expected loss rate	0%	0%	0.13%	0.25%	0.43%	0.64%
Gross carrying amount (RMB'000)	1,939	29,896	36,811	33,354	25,841	149,113
Loss allowance (RMB'000)	—	—	(48)	(84)	(112)	(380)
Total loss allowance (RMB'000)						<u>(380)</u>

As at 31 December 2022

		Past due between 11 months and 23 months	Past due between 23 months and 35 months	Past due between 35 months and 47 months	Past due over 47 months	Total
Sales of electricity (tariff adjustment receivables)	Not yet past due	Past due within 11 months				
<i>Collectively assessed:</i>						
Expected loss rate	0%	0%	0.09%	0.21%	0.36%	0.55%
Gross carrying amount (RMB'000)	2,589	34,602	33,458	30,286	19,906	122,912
Loss allowance (RMB'000)	—	—	(30)	(64)	(71)	(176)
Total loss allowance (RMB'000)						<u>(176)</u>

- (b) As at 31 December 2023, RMB117,278,000 (2022: RMB85,721,000) of tariff adjustment receivables, derived from the subsidies in respect of sales of electricity were past due for more than 11 months. Applying the expected credit risk model result in recognition of loss allowance amounted to RMB380,000 as at 31 December 2023 (2022: RMB176,000).
- (c) Movement in the loss allowance for trade and other receivables is as follows:

	2023 RMB'000	2022 RMB'000
Opening balance	229,832	206,258
(Decrease)/increase in loss allowance		
— Trade receivables	(4,083)	23,574
— Other receivables	—	—
Written off as uncollectible		
— Trade receivables	—	—
— Other receivables	—	—
Closing balance	<u>225,749</u>	<u>229,832</u>

(d) The Group's trade and other receivables were denominated in the following currencies:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
HK\$	118	36
RMB	<u>278,740</u>	<u>242,248</u>
	<u><u>278,858</u></u>	<u><u>242,284</u></u>

As at 31 December 2023 and 2022, the carrying amounts of trade and other receivables approximated their fair values.

12. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	15,845	17,586
Accruals and other payables	<u>36,860</u>	<u>39,207</u>
	<u><u>52,705</u></u>	<u><u>56,793</u></u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	357	6,492
Over 1 year	<u>15,488</u>	<u>11,094</u>
	<u><u>15,845</u></u>	<u><u>17,586</u></u>

As at 31 December 2023 and 2022, the Group's trade and other payables were all denominated in RMB and the carrying amounts approximated their fair values.

13. DIVIDENDS

During the years ended 31 December 2023 and 2022, the Company did not declare any dividends to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is principally engaged in smart energy business with focus on the possession and operation of solar power plants and public infrastructure construction business in relation to the Baoding Donghu PPP project, with gradual expansion and diversification to other clean energy businesses.

During the Reporting Period, the Group recorded a revenue of RMB114,030,000 (same period of 2022: RMB195,209,000), representing a decrease of approximately 41.6% as compared to the same period of last year, which was primarily attributable to the decrease in investment in the Baoding Donghu project as compared to the same period of last year. Loss attributable to owners of the Company was RMB18,179,000 (same period of 2022: loss attributable to owners of the Company of RMB306,368,000). The substantial decrease in loss was mainly attributable to (among others): (i) the Group recognized a net loss of approximately RMB265,854,000 from the share of result of associate accounted for using the equity method for the same period of 2022, while a net profit of approximately RMB30,520,000 was recognized for the Reporting Period; and (ii) due to uncertain investment expectations in the Reporting Period, the Group made an impairment provision of approximately RMB51,496,000 for the incremental distribution network project in Xinjiang Hefeng Industrial Park.

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, to help customers improve their energy utilisation efficiency and reduce energy consumption cost, whereby building a diversified, clean and low-carbon energy supply system.

The Group works to realise the above business objectives by integrating its energy systems with internet technology. On one hand, the Group acquires premium energy assets and projects by expanding its offline business in comprehensive energy supply such as electricity, heat and gas, and generates stable operation and investment returns from operating and managing such assets. On the other hand, the Group uploads the real-time data of electricity, heat and gas consumption of its industrial and commercial enterprises and residential users to the cloud platform, integrates and analyses such big data, and taps into the energy consumption potential of customers, so as to provide them with other industrial chain services, including multi-energy complementation of electricity, heat and gas, smart operation and maintenance, energy trade, and energy efficiency analysis.

During the Reporting Period, the Group's smart energy business mainly represented the possession and operation of solar power plants, including the possession and operation of 11 existing ground and commercial distributed solar power plants with an installed capacity of approximately 64 megawatts

(MW), and the possession and operation of 18 MW household solar power plants. During the Reporting Period, the total power generation capacity of the above solar power plants was approximately 104,800 MWh (same period of 2022: 108,780 MWh), and the total power generation revenue was approximately RMB69,261,000 (same period of 2022: RMB73,486,000). In addition, the Group also provides operation and maintenance services for some household solar power plants, and charges operation and maintenance service fees; holds and operates some clean heating projects in Shandong Province and Shanxi province, and charges heating service fees.

During the Reporting Period, the smart energy business contributed approximately RMB95,283,000 (same period of 2022: RMB104,262,000) to the Group's revenue, representing a decrease of approximately 8.6% as compared to the same period of last year, which was primarily attributable to the decrease in revenue from sales of household solar power generation systems business during the Reporting Period. Loss for the Reporting Period amounted to approximately RMB348,000 (same period of 2022: loss of approximately RMB304,018,000). Such decrease in the loss was primarily attributable to the Group's recognition a net loss of approximately RMB265,854,000 from the share of result of associate accounted for using the equity method for the same period of 2022, while a net profit of approximately RMB30,520,000 was recognized for the Reporting Period.

Public Infrastructure Construction Business

The public infrastructure construction business refers to the construction and related preliminary investment and post-construction, operation and management of public infrastructure under the Baoding Donghu Project in Baoding City of Hebei Province. During the Reporting Period, the public infrastructure construction business contributed approximately RMB18,747,000 (same period of 2022: RMB90,947,000) to the Group's revenue. Loss for the Reporting Period amounted to approximately RMB15,727,000 (same period of 2022: profit of RMB818,000). The decrease in revenue was primarily attributable to the decreased investment due to the sluggish domestic real estate industry. The loss was primarily attributable to the decrease in revenue which cannot cover the cost expenditures of the project.

Business Outlook

Looking ahead, macroeconomic challenges will intensify the complexity in operating environment and downward pressure issue. Although the new energy outlook remains favourable in the dual-carbon context, the industry has got into a frantic race. With the installed capacity of solar power generation climbing year by year, especially the rapid growth of those in distributed solar power plants, the national grid consumption pressure is also steeply increasing. In 2023, a number of provinces and cities were unable to consume solar power generation due to the near-saturation of the grid's carrying capacity, which brought negative impacts to the investment in this industry. In 2024, the Group will continue to stabilise its business, pay close attention to the potential impact of changes in the industry on our business, make prudent investment and achieve steady progress so as to ensure the sound operation of the Group's principal business.

Financial Review

Revenue and Gross Profit

The Group's revenue and gross profit for the Reporting Period amounted to RMB114,030,000 (same period of 2022: RMB195,209,000) and RMB24,854,000 (same period of 2022: RMB50,576,000), respectively. The gross profit margin was 21.8% (same period of 2022: 25.9%).

The decrease in revenue as compared to the same period of last year was primarily attributable to the decrease in investment in public infrastructure construction projects during the Reporting Period. The decrease in gross profit margin as compared to the same period of last year was primarily attributable to the decrease in gross profit of the public infrastructure construction business.

Selling and Distribution Expenses

The Group incurred selling and distribution expenses of RMB219,000 during the Reporting Period (same period of 2022: RMB2,153,000), representing a decrease of 89.8% as compared to last year, which was primarily attributable to a significant reduction in related sales and distribution expenses caused by a reduction in the sales of household solar power systems business.

Administrative Expenses

The Group incurred administrative expenses of RMB20,937,000 during the Reporting Period (same period of 2022: RMB32,582,000), representing a decrease of 35.7% as compared to last year, which was primarily attributable to the decrease in related expenses as a result of the reduction in household solar power systems business.

Impairment Losses on Non-Financial Assets

During the Reporting Period, the Group made an impairment losses of approximately RMB58,794,000 (the same period of 2022: Nil) on non-financial assets, which was primarily attributable to an impairment provision of approximately RMB51,496,000 was made by the Group for the incremental distribution network project located in HeFeng Industrial Park in Hoboksar Mongol Autonomous County (“**Hefeng County**”) of Xinjiang Uygur Autonomous Region, due to major uncertain investment expectations in the Reporting Period.

The major uncertain investment expectations were that in the second half of 2023, the local government of Hefeng County, without any legal procedures, unilaterally suspended and revoked the franchise rights for the incremental distribution business enjoyed by Xinjiang Saier Distribution and Sales Co., Ltd. (新疆賽爾配售電有限公司) (a non-wholly owned subsidiary of the Group) in Hefeng Industrial Park. The Group had filed an administrative reconsideration on the above-mentioned actions with the local government of the HeFeng County at the end of 2023. However, on 21 March 2024, the administrative reconsideration application was rejected by the local administrative reconsideration office of Hefeng County. The Group will take other measures including but not limited to legal proceedings to safeguard the legitimate rights and interests of the Group.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets

During the Reporting Period, the Group's reversal of impairment losses on financial assets of RMB5,012,000 (same period of 2022: impairment losses of RMB15,272,000), primarily attributable to recovery of some receivables that had been provisioned for impairment in the past.

Finance Expenses — Net

Net finance expenses amounted to RMB6,580,000 for the Reporting Period (same period of 2022: RMB4,442,000), representing an increase of 48.1% as compared to last year. Such increase was primarily attributable to the decrease in interest income.

Income Tax Credit/(Expense)

Income tax credit amounted to RMB3,958,000 for the Reporting Period (same period of 2022: income tax expense of RMB31,875,000), representing a decrease in the expense of 112.4% as compared to last year, which was primarily attributable to a large of deferred income tax assets was derecognized by the Group in last year, while there was no such expense during the Reporting Period.

Share of Net Profit/(Loss) of Associate Accounted for Using the Equity Method

The Group recognised a net profit of approximately RMB30,520,000 for the associate accounted for using the equity method for the Reporting Period (same period of 2022: recognition of a net loss of RMB265,854,000), which was primarily attributable to the Group's profit recognised in an associate due to recovery of certain receivables which were credit impaired in prior years during the Reporting Period.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2023, bank balances and cash amounted to approximately RMB227,743,000 (31 December 2022: RMB213,198,000), of which approximately RMB38,000 (31 December 2022: RMB7,817,000) was restricted bank balances (mainly used for the expenses incurred under the Baoding Donghu Project). Such increase in bank balances and cash was primarily attributable to the dividends received from an associate.

Total current assets and current ratio

As at 31 December 2023, total current assets and current ratio (total current assets/total current liabilities) were approximately RMB672,255,000 (31 December 2022: RMB629,170,000) and 6.53 (31 December 2022: 6.05), respectively. The increase in total current assets was primarily attributable to the increase in bank balances and cash and trade receivables and the increase in current ratio was the result of increase in current assets.

External borrowings and pledge of assets

As at 31 December 2023, the Group had external borrowings of RMB160,500,000 (31 December 2022: RMB186,300,000), of which RMB160,500,000 was secured by certain machinery at solar power plants with a carrying amount of RMB227,927,000 and the collection rights of future receivables of certain subsidiaries (31 December 2022: RMB186,300,000 was secured by certain machinery at solar power plants with a carrying amount of RMB246,991,000 and the collection rights of future receivables of certain subsidiaries).

Gearing Ratio

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

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Bank loans	160,500	186,300
Lease liabilities	13,253	13,162
Amounts due to related parties	2,914	3,391
Less: Cash and cash equivalents	(227,705)	(205,381)
Restricted cash	(38)	(7,817)
Net (cash)	(51,076)	(10,345)
Total equity	851,413	866,298
Total capital (Net (cash) plus total equity)	800,337	855,953
Gearing ratio (Net debt/total capital)	N/A	N/A

As at 31 December 2023, the Group's net debt was negative, which was primarily attributable to the repayment of loans and the recovery of some receivables and dividends received from an associate during the Reporting Period.

The proportion of long-term and short-term debts was 63.9% and 36.1%, respectively (as at 31 December 2022: 66.8% and 33.2%), of which the borrowings of RMB160,500,000 in respect of solar power plants were gradually repaid by the 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 external borrowings. During the Reporting Period, the external borrowings, which mainly represent bank borrowings for solar power plants, bear interests at rates ranging from 5.04% to 5.28% per annum (same period of 2022: 5.39% to 5.63% per annum). The interest rates applicable to borrowings of solar power plants were charged at the lending rate of the People's Bank of China for the same period plus 10% to 15%, with risk derived from the changes 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 Rate 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 Reporting Period, and the impact of foreign currency risk on the Group's operation is minimal.

Investment Commitments

As at 31 December 2023, the Group had investment commitments of RMB101,600,000 (31 December 2022: RMB101,600,000), which were mainly the Group's obligations of capital contribution to its associate Longyao (Beijing) Clean Energy Technology Company Limited (隆耀(北京)清潔能源科技有限公司) (“**Longyao Beijing**”) that shall be fulfilled by 31 December 2025. Please refer to the announcement of the Company dated 31 December 2022 for details.

As there was no business, Longyao Beijing was deregistered on 5 January 2024, and such commitment of capital contribution would be lapsed.

Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities (31 December 2022: Nil).

MATERIAL ACQUISITION, INVESTMENT AND DISPOSAL

Material Acquisition and Investment

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

Material Disposal

The Group had no material disposal during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 67 employees as at 31 December 2023 (31 December 2022: 62 employees). 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. Meanwhile, to attract and retain high-caliber employees to ensure smooth operation and accommodate the continued expansion of the Group, the Group offers competitive remuneration and benefit packages to employees at different levels, including discretionary bonuses, various training programs, sponsorship for further study and share option schemes for the benefit of the Directors and eligible employees of the Group.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Except as disclosed in the announcement, The Group did not have any significant post-period events after 31 December 2023 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (“**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 Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the Reporting Period, except for the following deviation:

According to code 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. Mr. Wei Qiang, an executive Director, is the chief executive officer of the Company and the chairman of the Board. 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.

According to code provision C.5.1 of the CG Code, the board meeting should be held at least four times a year at approximately quarterly interval. During the Reporting Period, three Board meetings were held to approve the interim financial performance and annual financial performance of the Group which should be decided by the Board, and discussed the overall operation and strategy of the Group etc.. The Company also sought the approval of the Directors on relevant matters by circulating a written resolution to replace the Board meeting. In addition, the Directors had frequent communication with the management of the Company during the year to discuss the overall operation and strategy of the Group, and actively exchanged their views on the performance of the Group. As such, the Directors are considered to be provided in a timely manner with appropriate information to make informed decisions and perform their duties and responsibilities.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), comprising the three independent non-executive Directors, has reviewed the Group’s consolidated financial statements for the year ended 31 December 2023 together with the management of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, BDO Limited (the “**BDO**”), Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or

Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on the preliminary announcement.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.longitech.hk), and the 2023 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Xinda Investment Holdings Limited
Wei Qiang
Chairman

Hebei, 26 March 2024

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