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隆基泰和智慧能源
LONGITECH SMART ENERGY

LONGITECH SMART ENERGY HOLDING LIMITED

隆基泰和智慧能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1281)

**DISCLOSEABLE TRANSACTION
PROVISION OF COUNTER-GUARANTEE**

THE COUNTER-GUARANTEE

On 19 May 2022, Cloud Energy, a wholly-owned subsidiary of the Company, entered into the Counter-Guarantee Agreement with the Guarantor Company, pursuant to which Cloud Energy shall provide Security Deposits to the Guarantor Company as counter-guarantees for the guarantees provided by the Guarantor Company to the Bank for the benefits of Customers in respect of the Previous Service Scope and the Additional Service Scope.

LISTING RULES IMPLICATIONS

Cloud Energy has provided the Guarantor Company with Previous Deposits within the past twelve months. As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Deposits are lower than 5% respectively and in aggregate, such Previous Deposits are exempted from the requirements of reporting, announcement and shareholders' approval under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the Previous Deposits shall be and have been aggregated into the Security Deposits. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Security Deposits exceeds 5% and are below 25%, the Counter-Guarantee constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements, but is exempted from the requirement of shareholders' approval, under Chapter 14 of the Listing Rules.

BACKGROUND

On 31 May 2021, Cloud Energy and the Guarantor Company entered into the Guarantee Cooperation Agreement, pursuant to which the Guarantor Company shall provide Customers with guarantees for loans arising from the Previous Service Scope. At the request of the Guarantor Company, Cloud Energy provided the Guarantor Company with the Previous Deposits as counter-guarantees for the guarantee arrangement under the Guarantee Cooperation Agreement on 2 November 2021 and 25 December 2021 respectively. As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Deposits are lower than 5% respectively and in aggregate, such Previous Deposits are exempted from the requirements of reporting, announcement or shareholders' approval under Chapter 14 of the Listing Rules.

On 19 May 2022, Cloud Energy and the Guarantor Company entered into the Supplemental Agreement to the Guarantee Cooperation Agreement, pursuant to which the Guarantor Company, in addition to guarantees in relation to Previous Service Scope, shall also provide Customers with guarantees for loans arising from the Additional Service Scope, to extend the scope of loans guaranteed under the Guarantee Cooperation Agreement. Therefore, Cloud Energy shall provide a certain amount of deposits to the Guarantor Company as the counter-guarantee for the guarantees under the Supplementary Agreement in respect of the Additional Service Scope.

Accordingly, on 19 May 2022, Cloud Energy entered into the Counter-Guarantee Agreement with the Guarantor Company, pursuant to which Cloud Energy shall provide Security Deposits to the Guarantor Company as counter-guarantees for the guarantees provided by the Guarantor Company to the Bank for the benefits of Customers in respect of both the Previous Service Scope and the Additional Service Scope.

THE COUNTER-GUARANTEE AGREEMENT

The principal terms of the Counter-Guarantee Agreement are summarised as follows:

Date:	19 May 2022
Parties:	Cloud Energy; and the Guarantor Company
Subject Matter:	Pursuant to the Counter-Guarantee Agreement, Cloud Energy shall provide Security Deposits to the Guarantor Company as counter-guarantees for the guarantees provided by the Guarantor Company to the Bank for the benefits of Customers with regard to the Previous Service Scope and the Additional Service Scope.

**Scope of Counter
Guarantee:**

The scope of the counter-guarantee under the Counter-Guarantee Agreement covers the total amount of guarantee payment (including the loan principal, interest, liquidated damages, penalties, the expenses incurred by the Bank in enforcing its creditor's rights, etc.) to be made by the Guarantor Company to the Bank for the Customers within the Previous Service Scope and the Additional Service Scope.

Scope of Liability:

Cloud Energy shall take the counter-guarantee liability within the limit of the actual amount of Security Deposits it has made (if there is an increase or decrease in the Security Deposits after payment, Cloud Energy shall take the counter-guarantee liability within the limit of the actual balance of the Security Deposits in the Guarantor Company's deposit account with the Bank).

**Security Deposit
Arrangements:**

Cloud Energy shall provide the Guarantor Company with a total amount of Security Deposits no more than RMB 30 million, among which:

- (i) RMB 8 million has been provided by Cloud Energy to the Guarantor Company as the Previous Deposits and placed into the Guarantor Company's deposit account in the Bank to function as the counter-guarantee for the Previous Service Scope, and thus no need to be paid under the Counter-Guarantee Agreement;
- (ii) No more than RMB15.67 million shall be paid in accordance with the requirements of the Bank by Cloud Energy to the Guarantor Company's deposit account in the Bank upon the entering of other guarantee documents acceptable to the Bank (“**Additional Guarantee Agreement**”) between the Guarantor Company and the Bank in respect of the Additional Service Scope; and
- (iii) The remaining Security Deposits in addition to the amounts mentioned in clauses (i) and (ii) above shall be paid by Cloud Energy to the Guarantor Company's account in the Bank in accordance with the progress of Group's household solar power generation systems business with the Customers and the requirements of the Bank.

The amount of above Security Deposits is determined based on the amount of security deposit the Guarantor Company shall provide to the Bank under the Guarantee Agreement and the Additional Guarantee Agreement with regard to the Previous Service Scope and the Additional Service Scope.

According to the Counter-Guarantee Agreement, the Security Deposits placed into the account of the Guarantor Company belong to Cloud Energy. Cloud Energy has the right to monitor the Security Deposits and the Guarantor Company shall not use the Security Deposits for purposes other than those agreed in the Counter-Guarantee Agreement and shall not misappropriate, possess or dispose of such Security Deposits.

Within two working days following the release of the Security Deposits from the Bank, the Guarantor Company shall, as required by Cloud Energy, return the released Security Deposits to the designated account of Cloud Energy. If the Counter-Guarantee Agreement is terminated or cancelled, or the relevant loans borrowed by the Customers from the Bank is fully repaid, the Guarantor Company shall unconditionally (except for reasons of force majeure) and promptly cooperate with Cloud Energy to pay the remaining Security Deposits in the Guarantor Company's account to the designated account of Cloud Energy. Cloud Energy will not receive any fee from the Guarantor Company for the provision of Counter Guarantee under the Counter-Guarantee Agreement.

**Term of Counter
Guarantee:**

The term of the Counter-Guarantee under the Counter-Guarantee Agreement shall commence on the date of actual payment of each Security Deposits into the account of the Guarantor Company and shall end on the date of full repayment of the relevant loans borrowed by the Customers from the Bank.

REASONS FOR AND BENEFITS OF THE COUNTER-GUARANTEE

The business of household solar power generation systems constitutes an important part of the Group's business, and the entering of the Counter-Guarantee Agreement with the Guarantor Company will promote the development and sales of the Group's household solar power generation systems business with the Customers and the overall business development of the Group. The Group therefore of the view that entering into the Counter-Guarantee Agreement is consistent with the Group's business and commercial objectives and is in the interests of the Group as a whole.

The Directors consider that the terms of the Counter-Guarantee Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the Counter-Guarantee Agreement and the transaction thereunder, and none of them was required to abstain from voting on the board resolution in respect of approving the Counter-Guarantee.

LISTING RULES IMPLICATIONS

Cloud Energy has provided the Guarantor Company with Previous Deposits within the past twelve months. As the relevant applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Deposits are lower than 5% respectively and in aggregate, such Previous Deposits are exempted from the requirements of reporting, announcement and shareholders' approval under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the Previous Deposits shall be and have been aggregated into the Security Deposits. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Security Deposits exceeds 5% and are below 25%, the Counter-Guarantee constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements, but is exempted from the requirement of shareholders' approval, under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Guarantor Company and its ultimate beneficial owners, the Bank and the Customers are third parties independent of the Company and its connected persons.

INFORMATION ON THE COMPANY

The Company is principally engaged in smart energy business and public infrastructure construction and the related preliminary investment and post-construction operation management business, with gradual expansion and diversification to other clean energy business.

INFORMATION ON CLOUD ENERGY

Cloud Energy, a company incorporated in the PRC with limited liability, a wholly owned subsidiary of the Company, is principally engaged in the sales and installation of household solar power generation systems.

INFORMATION ON THE GUARANTOR COMPANY

The Guarantor Company, a company incorporated in the PRC with limited liability, is principally engaged in loan guarantee, bond issuance guarantee and other financing guarantee businesses. Baoding Liwei Automobile Trading Co., Ltd.* (保定市力偉汽車貿易有限公司, with Cheng Liwei and Li Guirong holding its 60% and 40% equity interests respectively) and Baoding Huihuang Decoration Engineering Co., Ltd.* (保定輝煌裝飾工程有限公司, with Li Mingyang, Cheng Liwei and Li Tengfei holding its 33.4%, 33.3% and 33.3% equity interests respectively) hold 66.7% and 33.3% equity of the Guarantor Company respectively.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Additional Service Scope”	loans borrowed by Customers from the Bank before August 2021 for the purchase of the household solar power generation system of the Group;
“Bank”	Gaobeidian Sub-branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司高碑店支行);
“Board”	the board of directors of the Company;
“Cloud Energy”	Hebei Longitech Cloud Energy Technology Co., Ltd., a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company ;
“Company”	LongiTech Smart Energy Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Counter-Guarantee Agreement”	the deposit counter-guarantee agreement dated 19 May 2022 entered into between Cloud Energy and the Guarantor Company, pursuant to which Cloud Energy shall provide the counter-guarantee in the form of Security Deposits in respect of the guarantees in relation to Solar Power Generation Business provided by the Guarantor Company to Customers;
“Counter-Guarantee”	the provision of the counter-guarantee in the form of Security Deposits by Cloud Energy to the Guarantor Company under the Counter-Guarantee Agreement, with regard to the guarantees in relation to Solar Power Generation Business provided by the Guarantor Company to Customers;
“Customer(s)”	customer(s) of the Group who purchase household solar power generation systems from Cloud Energy;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“Guarantee Agreement”	the instalment guarantee agreement dated 2 August 2021 entered into between the Guarantor Company and the Bank, pursuant to which the Guarantor Company shall provide guarantees in respect of the Previous Service Scope to the Bank. The guarantee scope under the Guarantee Agreement covers the principal, service charge, interests, compound interests, liquidated damages of the loan related to the Previous Service Scope, the cost of realizing the creditor’s rights of the Bank and other expenses payable by the Customers to the Bank due to the above loan. The Guarantor Company shall take joint and several guarantee liabilities to the Bank for the above guarantee scope, and provide deposits to the Bank as a pledge in accordance with the proportion of the balance of business cooperation agreed under the Guarantee Agreement.
“Guarantee Cooperation Agreement”	The financing guarantee cooperation agreement dated 31 May 2021 entered into between Cloud Energy and the Guarantor Company, pursuant to which Cloud Energy entrusts the Guarantor Company to provide Customers with loan guarantees for loans arising from the Previous Service Scope;
“Guarantor Company”	Hebei Yanrong Financing Guarantee Co., Ltd* (河北燕融融資擔保有限公司) , a company incorporated in the PRC with limited liability ;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Previous Deposits”	the security deposits (at the request of the Guarantor Company) of RMB 2 million and RMB 6 million provided by Cloud Energy on 2 November 2021 and 25 December 2021 to the Guarantor Company respectively, as the counter-guarantee for the guarantees provided by the Guarantor Company with regard to the Previous Service Scope;
“Previous Service Scope”	loans borrowed by Customers from the Bank in or after August 2021 for the purchase of the household solar power generation system of the Group;
“Security Deposits”	the security deposits that Cloud Energy shall pay to the Guarantor Company under the Counter-Guarantee Agreement with a total amount of no more than RMB30 million,which also includes the Previous Deposits;
“Solar Power Generation Business”	Customers purchase of the household solar power generation system of the Group;

“Supplementary Agreement” the supplemental agreement to the Guarantee Cooperation Agreement entered into between Cloud Energy and the Guarantor Company on 19 May 2022 pursuant to which the Guarantor Company, in addition to guarantees in relation to Previous Service Scope, shall also provide Customers with guarantees for loans arising from the Additional Service Scope, to extend the scope of loans guaranteed under the Guarantee Cooperation Agreement; and

“%” per cent.

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

Hebei, 19 May 2022

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

* *For identification purpose only*