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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 2022

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 2022 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2021 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Revenue	3(a)	195,209	462,642
Cost of sales	4	(144,633)	<u>(374,988)</u>
Gross profit		50,576	87,654
Selling and distribution expenses	4	(2,153)	(18,242)
Administrative expenses	4	(32,582)	(63,622)
(Impairment losses)/reversal of impairment losses on financial assets	5	(15,272)	5,735
Other income		176	149
Other (losses)/gains — net	6	(4,722)	<u>994</u>
Operating (loss)/profit		(3,977)	12,668

Consolidated Statement of Profit or Loss (Continued)

For the year ended 31 December 2022

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		7,373	7,048
Finance expenses		<u>(11,815)</u>	<u>(13,338)</u>
Finance expenses — net		(4,442)	(6,290)
Share of net (loss)/profit of associates accounted for using the equity method		<u>(265,854)</u>	<u>2,457</u>
(Loss)/profit before income tax		(274,273)	8,835
Income tax expense	7	<u>(31,875)</u>	<u>(38,873)</u>
Loss for the year		<u>(306,148)</u>	<u>(30,038)</u>
(Loss)/profit is attributable to:			
Owners of the Company		(306,368)	(28,221)
Non-controlling interests		<u>220</u>	<u>(1,817)</u>
		<u>(306,148)</u>	<u>(30,038)</u>
Loss per share for loss attributable to owners of the Company (RMB):			
Basic loss per share	8	<u>(0.2064)</u>	<u>(0.0190)</u>
Diluted loss per share	8	<u>(0.2064)</u>	<u>(0.0190)</u>

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year	(306,148)	(30,038)
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>818</u>	<u>(210)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>818</u>	<u>(210)</u>
Total comprehensive loss for the year	<u>(305,330)</u>	<u>(30,248)</u>
Total comprehensive (loss)/income for the year is attributable to:		
Owners of the Company	(305,550)	(28,431)
Non-controlling interests	<u>220</u>	<u>(1,817)</u>
	<u>(305,330)</u>	<u>(30,248)</u>

Consolidated Statement of Financial Position

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		422,255	432,568
Right-of-use assets		14,792	15,083
Intangible assets		77,407	4,715
Deferred tax assets		3,527	33,043
Investments accounted for using the equity method		—	265,854
Deposits	11	23,570	8,000
Other non-current assets		<u>9,077</u>	<u>11,728</u>
Total non-current assets		<u>550,628</u>	<u>770,991</u>
Current assets			
Inventories		6,666	30,805
Contract assets	9	190,592	187,722
Trade and other receivables	11	218,714	205,404
Financial assets at amortised cost	10	—	64,035
Restricted cash		7,817	18,341
Cash and cash equivalents		<u>205,381</u>	<u>222,320</u>
Total current assets		<u>629,170</u>	<u>728,627</u>
Total assets		<u>1,179,798</u>	<u>1,499,618</u>
Equity and liabilities			
Share capital		12,255	12,255
Reserves		1,144,863	1,143,725
(Accumulated losses)/retained earnings		<u>(296,350)</u>	<u>10,519</u>
Equity attributable to owners of the Company		860,768	1,166,499
Non-controlling interests		<u>5,530</u>	<u>5,092</u>
Total equity		<u>866,298</u>	<u>1,171,591</u>

Consolidated Statement of Financial Position (Continued)

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Liabilities			
Non-current liabilities			
Borrowings		160,500	186,300
Lease liabilities		12,458	12,110
Deferred government grants		1,959	2,066
Deferred tax liabilities		18,846	10,854
Contract liabilities		15,715	—
		<u>209,478</u>	<u>211,330</u>
Total non-current liabilities			
Current liabilities			
Trade and other payables	12	56,793	64,883
Contract liabilities		8,666	14,237
Current tax liabilities		12,059	12,250
Borrowings		25,800	24,700
Lease liabilities		704	627
		<u>104,022</u>	<u>116,697</u>
Total current liabilities			
Total liabilities			
		<u>313,500</u>	<u>328,027</u>
Total equity and liabilities			
		<u>1,179,798</u>	<u>1,499,618</u>

Notes

For the year ended 31 December 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. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of the financial statements in conformity with IFRS 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.

2.1.1 *New and amended standards adopted by the Group*

The Group has adopted all the new and amended IFRSs which are effective for the Group’s accounting periods beginning on or after 1 January 2022 throughout the year ended 31 December 2022.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 — 2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

None of these new or amended IFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

2.1.2 *New standards and interpretations not yet adopted*

The following published new accounting standards and interpretations are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group:

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (amendments) and non-Current Liabilities with Covenants (amendments) ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies ¹
Amendments to IAS 8	Definition of accounting estimates ¹
Amendments to IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

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

These 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

	2022 RMB'000	2021 RMB'000
Sales of electricity	73,486	63,457
Sales of household solar power generation systems and rendering smart energy services	30,776	253,441
Public infrastructure construction	<u>90,947</u>	<u>145,744</u>
	<u>195,209</u>	<u>462,642</u>
<i>Timing of revenue recognition</i>		
At a point in time	98,070	315,230
Over time	<u>97,139</u>	<u>147,412</u>
	<u>195,209</u>	<u>462,642</u>

For the year ended 31 December 2022, there was one customer (2021: one customer) with which the Group's transactions exceeded 10% of total revenue. One customer (2021: one customer) was from public infrastructure construction business and none (2021: none) was from smart energy business. For the year ended 31 December 2022, revenue derived from this customer amounted to RMB90,947,000 (2021: RMB145,744,000).

(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 People's Republic of China (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 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>

	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 2021					
Revenue from external customers	316,898	145,744	—	—	462,642
Reversal of impairment losses on financial assets	5,735	—	—	—	5,735
Impairment losses on property, plant and equipment	(11,642)	—	—	—	(11,642)
Impairment losses on right-of-use assets	(80)	—	—	—	(80)
Finance income	6,802	245	1	—	7,048
Finance expenses	(13,320)	—	(18)	—	(13,338)
Share of net gain of associates accounted for using the equity method	2,457	—	—	—	2,457
Income tax expense	(34,701)	(4,172)	—	—	(38,873)
(Loss)/profit for the year	(28,016)	2,684	(4,706)	—	(30,038)
Other information					
Depreciation and amortisation	(31,943)	(18)	(1,211)	—	(33,172)
Additions to non-current assets (Note)	33,108	—	—	—	33,108
As at 31 December 2021					
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.

4. EXPENSES BY NATURE

Cost of sales, selling and distribution expenses and administrative expenses in the consolidated statement of profit or loss are listed by nature as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Changes in inventories of finished goods	15,962	210,591
Subcontract costs	82,917	137,517
Employee benefit expense	16,891	36,536
Depreciation and amortisation	36,395	33,172
Consulting and legal fees	3,210	5,818
Repair and maintenance expenses	8,220	6,095
Transportation and travelling expenses	704	3,142
Promotion and advertising expenses	304	635
Short term lease expenses and low-value assets lease expenses	1,914	2,969
Impairment losses of property, plant and equipment	—	11,642
Reversal of inventories write-down	(22)	(976)
Utilities	6,172	893
Auditor's remuneration		
— Audit services	1,800	1,800
— Non-audit services	300	333
Others	4,601	6,685
	<u>179,368</u>	<u>456,852</u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>179,368</u>	<u>456,852</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Reversal of impairment losses for financial assets at amortised cost (<i>Note 10</i>)	(8,302)	(8,140)
Impairment losses for trade and other receivables (<i>Note 11</i>)	23,574	2,405
	<u>15,272</u>	<u>(5,735)</u>

6. OTHER (LOSSES)/GAINS — NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net fair value gains on financial assets at fair value through profit or loss	—	700
Net foreign exchange gains/(losses)	3,589	(486)
Net gains on disposal of property, plant and equipment	26	—
(Loss)/gains on disposal of subsidiaries	(8,488)	748
Others	<u>151</u>	<u>32</u>
	<u>(4,722)</u>	<u>994</u>

7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax	(2,927)	(860)
Deferred income tax	<u>(28,948)</u>	<u>(38,013)</u>
	<u>(31,875)</u>	<u>(38,873)</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income taxes in these jurisdictions.
- (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 2022 (2021: nil).
- (c) For the year end 31 December 2022, the statutory income tax rate of entities within the Group registered in the PRC is 25% (2021: 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:

	2022	2021
Loss attributable to owners of the Company (RMB'000)	(306,368)	(28,221)
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>(0.2064)</u>	<u>(0.0190)</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 2022 and 2021, no diluted loss per share has been presented because the exercise price of the Company's options was higher than the average market price per share.

9. CONTRACT ASSETS

	2022	2021
	RMB'000	RMB'000
Unbilled revenue of construction contracts	<u>190,592</u>	<u>187,722</u>

Contract assets are included in current assets as the Group expects to realise these within its normal operating cycle. As at 31 December 2022 and 2021, the Group assessed the impact of loss allowance for impairment of contract assets was insignificant.

10. FINANCIAL ASSETS AT AMORTISED COST

	2022	2021
	RMB'000	RMB'000
Loans to related parties	—	12,662
Loans to third parties	55,683	61,703
Receivable relating to investment in Shandong Hailifeng Clean Energy Joint Stock Co., Ltd (“Shandong Hailifeng”) (<i>Note (c)</i>)	<u>—</u>	<u>60,000</u>
	<u>55,683</u>	<u>134,365</u>
Less: loss allowance	<u>(55,683)</u>	<u>(70,330)</u>
	<u><u>—</u></u>	<u><u>64,035</u></u>

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

For debt investments at amortised cost considered to have low credit risk, applying the expected credit risk model result in loss allowance recognised of RMBnil as at 31 December 2022 (2021: RMB126,000).

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 RMB55,683,000 was recognised as at 31 December 2022 (2021: RMB70,204,000).

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

	Loans to related parties (a) RMB'000	Loans to third parties (b) RMB'000	Receivable relating to investment in Shandong Hailifeng (c) RMB'000	Total RMB'000
As at 1 January 2021	2,743	63,932	12,395	79,070
Decrease in loss allowance	(461)	(1,629)	(6,050)	(8,140)
Written-off	—	(600)	—	(600)
As at 31 December 2021 and 1 January 2022	2,282	61,703	6,345	70,330
Decrease in loss allowance	(2,282)	(6,020)	—	(8,302)
Transfer	—	—	(6,345)	(6,345)
As at 31 December 2022	<u>—</u>	<u>55,683</u>	<u>—</u>	<u>55,683</u>

- (a) For the year ended 31 December 2022, the loss allowance of RMB2,282,000 was reversed for loans to related parties based on the management's impairment assessment (2021: RMB461,000).
- (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 2022, a total allowance for expected credit losses amounting to RMB55,683,000 was recognised as at 31 December 2022 (2021: RMB61,703,000).

The security of loans to third parties is as follows:

Principal amount as at 31 December 2022 RMB'000	Pledged assets	Guarantees
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
24,600	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 2022 and 2021, the Group's financial assets at amortised cost were all denominated in RMB.

Since the financial assets at amortised cost were short-term in nature and the interest rates were close to the market rates, the carrying amounts of financial assets at amortised cost were not materially different from their fair values as at 31 December 2022 and 2021.

- (c) The net carrying 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

	2022	2021
	RMB'000	RMB'000
Trade receivables (a)	288,718	281,949
Tariff adjustment receivables (b)	122,912	103,309
	411,630	385,258
Less: loss allowance	(229,275)	(205,701)
Total trade receivables	182,355	179,557
Notes receivables	—	400
Prepayments	2,992	4,699
Deposits and other receivables	57,494	29,305
Less: loss allowance for other receivables	(557)	(557)
Gross trade and other receivables	242,284	213,404
Non-current portion	(23,570)	(8,000)
Current portion	218,714	205,404

As at 31 December 2022, the collection rights of trade receivables derived from certain solar power plants with carrying amount of RMB132,653,000 (31 December 2021: RMB118,997,000) were pledged as security for the Group's borrowings.

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

	2022	2021
	RMB'000	RMB'000
Within 1 year	66,496	66,023
1 year to 2 years	50,808	38,322
2 years to 3 years	37,076	74,195
Over 3 years	257,250	206,718
	411,630	385,258

- (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 2022 and 2021 was determined as follows:

As at 31 December 2022

Sales of household solar power generation systems	Not yet past due	Past due within 6 months	Past due within 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 2021

Sales of household solar power generation systems	Not yet past due	Past due within 6 months	Past due within 6 months to 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 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 2021

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	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 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 (non-government entities)	Not yet past due	Past due within 11 months	11 months and 23 months	23 months and 35 months	35 months and 47 months	Past due over 47 months	
<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 2021

		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	Past due within 11 months	11 months and 23 months	23 months and 35 months	35 months and 47 months	Past due over 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 31 December 2022

Sales of electricity (tariff adjustment receivables)	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>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	2,071	122,912
Loss allowance (RMB'000)	—	—	(30)	(64)	(71)	(11)	(176)
Total loss allowance (RMB'000)							(176)

As at 31 December 2021

Sales of electricity (tariff adjustment receivables)	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>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)							(184)

- (b) As at 31 December 2022, RMB85,721,000 (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 RMB176,000 recognised for tariff adjustment receivables as at 31 December 2022 (2021: RMB184,000).
- (c) Movement in the loss allowance of trade and other receivables is as follows:

	2022 RMB'000	2021 RMB'000
Opening balance	206,258	203,853
Increase in loss allowance		
— Trade receivables	23,574	2,405
— Other receivables	—	—
Written off as uncollectible		
— Trade receivables	—	—
— Other receivables	—	—
Closing balance	<u>229,832</u>	<u>206,258</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
HK\$	36	26
RMB	<u>242,248</u>	<u>213,378</u>
	<u><u>242,284</u></u>	<u><u>213,404</u></u>

As at 31 December 2022 and 2021, the carrying amounts of trade and other receivables approximated their fair values.

12. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	17,586	23,557
Accruals and other payables	<u>39,207</u>	<u>41,326</u>
	<u><u>56,793</u></u>	<u><u>64,883</u></u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	6,492	11,976
Over 1 year	<u>11,094</u>	<u>11,581</u>
	<u><u>17,586</u></u>	<u><u>23,557</u></u>

As at 31 December 2022 and 2021, 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 2022 and 2021, 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 RMB195,209,000 (same period of 2021: RMB462,642,000), representing a decrease of approximately 57.8% as compared to the same period of last year, which was primarily attributable to the Group's significant decrease of sales of household solar power generation systems during the Reporting Period and 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 RMB306,368,000 (same period of 2021: loss attributable to owners of the Company of RMB28,221,000). The substantial increase in loss was mainly attributable to (among others): (i) 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 developers for the Reporting 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 Reporting Period, compared with net profit of approximately RMB2,457,000 for the same period of 2021; and (ii) due to the deterioration of operating environment, the Group made provisions on impairment loss of approximately RMB15,272,000 for part of financial assets for the Reporting Period, compared with reversal of impairment losses of approximately RMB5,735,000 for 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, 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 solar power plants with an installed capacity of approximately 64 megawatts (MW), and the possession and operation of new 18 MW household solar power plants during the year. During the Reporting Period, the total power generation capacity of the existing solar power plants and the new household solar power plants was approximately 108,780 MWh, and the total power generation revenue was RMB73,486,000 (same period of 2021: RMB63,457,000). In terms of household solar power generation business, as the price of photovoltaic raw materials continued to rise during the Reporting Period, the profit margin of the sales and installation of the household solar power generation systems has become very low. Except for the disposal of backlog inventory, the Group has suspended the sales and installation of the household solar power generation systems. Meanwhile, the Group's transformer station can provide power supply and related value-added services in Hefeng Industrial Park in Xinjiang, which was subject to the settlement of enterprises in the park.

During the Reporting Period, the smart energy business contributed approximately RMB104,262,000 (same period of 2021: RMB316,898,000) to the Group's revenue, representing a decrease of approximately 67.1% as compared to the same period of last year, which was primarily attributable to the Group's significant decrease of sales of household solar power generation systems during the Reporting Period. Loss for the Reporting Period amounted to RMB304,018,000 (same period of 2021: loss of RMB28,016,000). Such increase in the loss was primarily attributable to the Group's recognition of a net loss of approximately RMB265,854,000 for the associate accounted for using equity method and provisions on impairment losses of approximately RMB15,272,000 for part of financial assets as a result of the deterioration of operating environment during 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 RMB90,947,000 (same period of 2021: RMB145,744,000) to the Group's revenue. Profit for the Reporting Period amounted to approximately RMB818,000 (same period of 2021: RMB2,684,000). The decrease in both revenue and profit was primarily attributable to the decreased investment due to the sluggish domestic real estate industry.

Business Outlook

In 2023, China's economy will experience economic recovery after the adjustment of pandemic prevention policies, strategic opportunities and risk challenges co-exist. Under the support of the goal of carbon peak and carbon neutralization, new energy has ushered in a new cycle for full speed development, and is moving towards the direction of main energy. As the main force of new energy,

the investment and development of solar power generation have also entered a feverish stage, the market competition has become increasingly fierce, and the industrial concentration has been further enhanced. In the face of fierce market competition, we will continue to operate and develop our business in a pragmatic manner in 2023, consolidate the operation and management level of the existing solar power plants, tap our potentials and continue to reduce the operating costs and management costs of the power plants. Meanwhile, on the basis of the existing businesses, we will proactively explore and develop other clean energy business suitable for the Group.

Financial Review

Revenue and Gross Profit

The Group's revenue and gross profit for the Reporting Period amounted to RMB195,209,000 (same period of 2021: RMB462,642,000) and RMB50,576,000 (same period of 2021: RMB87,654,000), respectively. The gross profit margin was 25.9% (same period of 2021: 18.9%).

The decrease in revenue as compared to the same period of last year was primarily attributable to the significant decrease in sales revenue of household solar power generation systems and the decrease in investment in public infrastructure construction projects during the Reporting Period. The increase in gross profit margin as compared to the same period of last year was primarily attributable to a decrease in proportion of sales of household solar power generation systems.

Selling and Distribution Expenses

The Group incurred selling and distribution expenses of RMB2,153,000 during the Reporting Period (same period of 2021: RMB18,242,000), representing a decrease of 88.2% as compared to last year, which was primarily attributable to the decrease in related selling and distribution expenses as a result of the decrease of sales of household solar power generation systems during the Reporting Period.

Administrative Expenses

The Group incurred administrative expenses of RMB32,582,000 during the Reporting Period (same period of 2021: RMB63,622,000), representing a decrease of 48.8% as compared to last year, which was primarily attributable to lower management fees as a result of the downsizing of its business.

Impairment Losses/Reversal of Impairment Losses on Financial Assets

During the Reporting Period, the Group made impairment losses on financial assets of RMB15,272,000 (same period of 2021: reversal of impairment losses of RMB5,735,000), primarily attributable to provisions on impairment losses for part of trade receivables as a results of the deterioration of operating environment.

Finance Expenses — Net

Net finance expenses amounted to RMB4,442,000 for the Reporting Period (same period of 2021: RMB6,290,000), representing a decrease of 29.4% as compared to last year. Such decrease was primarily attributable to the decrease in borrowings.

Income Tax Expense

Income tax expense amounted to RMB31,875,000 for the Reporting Period (same period of 2021: income tax expense of RMB38,873,000), representing a decrease in the expense of 18.0% as compared to last year, which was primarily attributable to the decrease in derecognition of deferred income tax assets in the current period as compared to the same period of last year.

Share of Net (Loss)/Profit of Associate 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 developers for the Reporting 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 Reporting Period (same period of 2021: recognition of a net profit of RMB2,457,000).

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 Directors and the management of the Company will continue to monitor the operation of that associate. If feasible, the Company will take relevant measures (including but not limited to legal actions) to protect the legitimate rights and interests of the Company.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2022, bank balances and cash amounted to approximately RMB213,198,000 (31 December 2021: RMB240,661,000), of which approximately RMB7,817,000 (31 December 2021: RMB18,341,000) was restricted bank balances (mainly used for the expenses incurred under the Baoding Donghu Project). Such decrease in bank balances and cash was primarily attributable to partial payment of the project and equipment.

Total current assets and current ratio

As at 31 December 2022, total current assets and current ratio (total current assets/total current liabilities) were approximately RMB629,170,000 (31 December 2021: RMB728,627,000) and 6.05 (31 December 2021: 6.24), respectively. The decrease in total current assets was primarily attributable to a decrease in financial assets at amortized cost and the decrease in current ratio was the result of a decrease in current assets.

External borrowings and pledge of assets

As at 31 December 2022, the Group had external borrowings of RMB186,300,000 (31 December 2021: RMB211,000,000), of which 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 (31 December 2021: RMB211,000,000 was secured by certain machinery at 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 gearing ratio of the Group as at the dates indicated:

	31 December 2022	31 December 2021
	RMB'000	RMB'000
Bank loans	186,300	211,000
Lease liabilities	13,162	12,737
Less: Cash and cash equivalents	(205,381)	(222,320)
Restricted cash	(7,817)	(18,341)
Net (cash)	(13,736)	(16,924)
Total equity	866,298	1,171,591
Total capital (Net (cash) plus total equity)	852,562	1,154,667
Gearing ratio (Net debt/total capital)	N/A	N/A

As at 31 December 2022, the Group's net debt was negative, which was primarily attributable to the repayment of loans and the partial recovery of financial assets at amortised cost during the Reporting Period.

The proportion of long-term and short-term debts was 66.8% and 33.2%, respectively (as at 31 December 2021: 64.4% and 35.6%), of which the borrowings of RMB186,300,000 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 5.39% to 5.63% per annum (same period of 2021: 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 2022, the Group had investment commitments of RMB101,600,000 (31 December 2021: 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) that shall be fulfilled by 31 December 2025. Please refer to the announcement of the Company dated 31 December 2021 for details.

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: 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 62 employees as at 31 December 2022 (31 December 2021: 80 employees). Such decrease in the number of employees was primarily due to the downsized expansion of the Group's household solar power generation systems business. 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.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Group is principally engaged in the smart energy and public infrastructure construction businesses. The smart energy business, which mainly comprises the operation of solar power plants, is an environmentally friendly business. With the focus on the smart energy business, the Group strives to develop clean energy sources and is committed to protecting the environment and mitigating the impact of its operations on the environment. The Group's public infrastructure construction business represents the Baoding Donghu PPP project. The project is to develop a new functional urban area in Baoding city highlighted with ecological culture. The project comprises a lake district with an area of 660 mu, park and green space with an area of 250,000 square metres, Guan Hanqing theater and museum with an area of approximately 70,000 square metres and urban protective green belt with an area of 310,000 square metres. The project connects to public and infrastructural facilities such as the municipal road of 4.68 square kilometres, educational facilities for primary and secondary schools, and public stations. It will improve the urban function of Baoding city, enrich the cultural asset of the city, and enrich the cultural life of the citizens while bringing benefits to the environment.

In the course of developing its smart energy and public infrastructure construction businesses, the Group is mainly subject to the supervision and restriction under the following environmental laws and regulations: the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Appraising of Environment Impacts and the Regulations on the

Administration of Environmental Protection of Construction Projects. The Group has paid consistent attention to complying with the laws and regulations on environmental protection. Throughout the Reporting Period, the Group has complied with the relevant laws and regulations on environmental protection that have a material impact on the Group.

We also recognise the importance of maintaining mutually beneficial relationships with stakeholders, including our Shareholders and investors, government organs, employees, customers, suppliers and local communities. Their support is vital to the Group's sustainable development. We pay close attention to the needs of all our stakeholders, offer solutions to address their needs and continuously interact with them in ways that are conducive to the sustainable growth of the Company, the industry and the community. For details of the Group's environmental, social and governance report for 2022, please refer to the "Environmental, Social and Governance Report" of the Company to be issued at or before the end of April 2023.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group operates its businesses mainly in Mainland China. The development and operation of the Group's smart energy and public infrastructure construction businesses in the PRC are mainly regulated by the local laws and regulations on renewable energy, electricity supply and construction projects, as well as various policies and industry guidelines issued by such local governments. There was no incident of non-compliance with the relevant laws and regulations that had or would have a significant impact on the Company during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE 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 (the "**Listing Rules**") Governing the Listing of Securities 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, two 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. 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 2022, 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 2022 (2021: 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 2022 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 balance sheet and the related notes thereto for the year ended 31 December 2022 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 2022
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 2022 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, 28 March 2023

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.