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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)

**CONNECTED TRANSACTIONS
IN RELATION TO
SMART ENERGY CLOUD PLATFORM SUB-SYSTEMS ESTABLISHMENT**

CONNECTED TRANSACTIONS

The Board is pleased to announce that on 30 September 2016, Hebei Longitech, an indirect wholly-owned subsidiary of the Company entered into (i) the LJTH Agreement with LongJiTaiHe; and (ii) the Lightway Agreement with Lightway Green Energy, respectively, pursuant to which Hebei Longitech shall establish the smart energy cloud platform sub-systems for subsidiaries of LongJiTaiHe and for plants of Lightway Green Energy at an aggregate services fees of RMB5,000,000 and RMB7,300,000, respectively.

LISTING RULES IMPLICATIONS

Since LongJiTaiHe is a company ultimately controlled by Mr. Wei Shaojun (the ultimate controlling shareholder of the Company, the executive Director and the Chairman of the Board) and Lightway Green Energy is a company controlled by Mr. Wei Qiang, the executive Director, the chief executive officer and the son of Mr. Wei Shaojun, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) of the aggregated transactions contemplated under the Agreements exceed 0.1% and are below 5%, the transactions contemplated under the Agreements are subject to the reporting and announcement requirements and are exempt from as the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) LJTH AGREEMENT

Date

30 September 2016

Parties

- (1) Hebei Longitech, an indirect wholly-owned subsidiary of the Company; and
- (2) LongJiTaiHe, a company founded and controlled by Mr. Wei Shaojun, the ultimate controlling shareholder of the Company, the executive Director and the Chairman of the Board, thus a connected person of the Company. LongJiTaiHe is a large-scale industrial group which integrated the diversified industries including real estate development, commercial operations, new energy and financial investment.

Subject matter

Hebei Longitech will provide services for the establishment of the following smart energy cloud platform sub-systems:

Property management — Hebei Longtai

- Establishment of the smart property cloud platform sub-system for real-time monitoring of properties management related services and data analysis; and

Wholesale market — Baigou Commercial

- Establishment of the smart mall cloud platform sub-system for the wholesale market operated by Baigou Commercial so as to achieve real-time monitoring on the energy distribution system, power equipment, temperature and humidity, energy quality and photovoltaic system as well as energy consumption management, system alarm and equipment operation and maintenance for malls.

The services to be provided by Hebei Longitech include: proposal design, equipment procurement and establishment, installation and debugging of sub-systems, while ensure the reliability of sub-systems' operation, data accuracy, practicability, simplicity and convenience as well as friendly interface, etc.

Services fees

The aggregate services fees payable under the LJTH Agreement are approximately RMB5,000,000 (subject to minor adjustment upon final acceptance checks), comprising (i) approximately RMB1,500,000 for the smart property cloud platform sub-system; and (ii) approximately RMB3,500,000 for the Baigou smart mall cloud platform sub-system. The services fees were determined by the parties with reference to the estimated cost required for establishment of such smart cloud platform sub-systems plus reasonable commercial profit.

The above services fees shall be payable in cash in accordance with the following schedule:

- (i) 30% of the services fees shall be payable within 10 days after the signing of the LJTH Agreement as prepayment;
- (ii) 50% of the services fees shall be payable within 10 days upon the main equipment and materials are delivered to the sites; and
- (iii) 20% of the services fees shall be payable within 10 days upon the completion of the establishment of the respective cloud platform sub-systems, the passing of the debugging and acceptance checks and settlement.

Other terms

The transactions as contemplated under the LJTH Agreement shall be completed by 31 December 2016 unless agreed otherwise by the parties.

(2) LIGHTWAY AGREEMENT

Date

30 September 2016

Parties

- (1) Hebei Longitech, an indirect wholly-owned subsidiary of the Company; and
- (2) Lightway Green Energy, a company controlled by Mr. Wei Qiang, the executive Director, the chief executive officer and the son of Mr. Wei Shaojun, thus a connected person of the Company. Lightway Green Energy is principally engaged in new energy technology development and the production and sale of photovoltaics.

Subject matter

- Hebei Longitech will provide services for the establishment of the smart plant cloud platform sub-system for Lightway Green Energy.

The services to be provided by Hebei Longitech include: proposal design, equipment procurement and establishment, installation and debugging of sub-systems, while ensure the reliability of cloud platform sub-system operation, data accuracy, practicability, simplicity and convenience as well as friendly interface, and realize functions such as real-time monitoring on energy consumption, data collection, system alarm and equipment operation and maintenance for Lightway Green Energy's plants.

Services fees

The services fees payable under the Lightway Agreement is approximately RMB7,300,000 (subject to minor adjustment upon final acceptance checks), which were determined by the parties with reference to the estimated cost required for establishment of the smart plant cloud platform sub-system plus reasonable commercial profit.

The above services fees shall be payable in cash in accordance with the following schedule:

- (i) 30% of the services fees shall be payable within 10 days after the signing of the Lightway Agreement as prepayment;
- (ii) 50% of the services fees shall be payable within 10 days upon the main equipment and materials are delivered to the sites; and
- (iii) 20% of the services fees shall be payable within 10 days upon completion of the establishment of the cloud platform sub-system, the passing of the debugging and acceptance checks and settlement.

Other terms

The transactions as contemplated under the Lightway Agreement shall be completed by 31 December 2016 unless agreed otherwise by the parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Group is principally engaged in the smart energy and solar energy businesses, and the primary land development. As disclosed in the announcements of the Company dated 11 November 2015 and 25 July 2016 as well as its annual report for the year ended 31 December 2015 and interim report for the six months ended 30 June 2016, the Group will mainly develop the smart energy and solar energy businesses, with the aim of building the Company into a leading integrated service provider of green city smart energy in China.

The entering into the Agreements laid down an important milestone for the Company's smart energy business, whereby the Company can build up reputation and accumulate experiences and undergo model display for external publicity, promotion and commencement of its smart energy business.

The Directors consider that the transactions contemplated under each of the Agreements are conducted in the ordinary and usual course of business of the Group and would generate revenue for the Group. In addition, the Directors expect that the Group would further maximize the application of the LongiTech Smart Energy Cloud Platform built by the Group which the two major types of projects, namely Lightway Industrial Park and Baigou Commercial City, have access.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreements (including the service fees thereunder) are fair and reasonable and on normal commercial terms, and the entering into the Agreements are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Save and except for Mr. Wei Shaojun and Mr. Wei Qiang, all being executive Directors and hold offices and ownership in LongJiTaiHe and Lightway Green Energy, respectively, none of the Directors had any material interest in the Agreements. Accordingly, Mr. Wei Shaojun and Mr. Wei Qiang had abstained from voting on the Board resolutions on approving the Agreements and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

Since LongJiTaiHe is a company ultimately controlled by Mr. Wei Shaojun (the ultimate controlling shareholder of the Company, the executive Director and the Chairman of the Board) and Lightway Green Energy is a company controlled by Mr. Wei Qiang, the executive Director, the chief executive officer and the son of Mr. Wei Shaojun, the transactions contemplated under the Service Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) of the aggregated transactions contemplated under the Agreements exceed 0.1% and are below 5%, the transactions contemplated under the Agreements are subject to reporting and announcement requirements and are exempt from as the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreements ”	collectively, the LJTH Agreement and the Lightway Agreement
“Baigou Commercial”	Baigou XinCheng RongChuang WanShang Enterprise Management Services Company Limited (白溝新城融創萬商企業管理服務有限公司), a company established with limited liability in the PRC, being a wholly-owned subsidiary of LongJiTaiHe
“Board”	the board of Directors

“Company”	LongiTech Smart Energy Holding Limited 隆基泰和智慧能源控股有限公司 (formerly known as Long Ji Tai He Holding Limited 隆基泰和控股有限公司), a company incorporated under the laws of Cayman Islands whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hebei Longitech”	Hebei LongiTech Cloud Energy Company Limited (河北隆基泰和雲能源科技有限公司), a company established with limited liability in the PRC, being a wholly-owned subsidiary of the Company
“Hebei Longtai”	Hebei LongTai Property Management Company Limited (河北隆泰物業服務有限公司), a company established with limited liability in the PRC, being a wholly-owned subsidiary of LongJiTaiHe
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lightway Agreement”	the agreement dated 30 September 2016 entered into between Hebei Longitech and Lightway Green Energy in relation to the establishment of the smart plant cloud platform sub-system by Hebei Longitech for the plants of Lightway Green Energy
“Lightway Green Energy”	Baoding Lightway Green Energy Technology Company Limited (保定光為綠色能源科技有限公司), a company incorporated in the PRC and is ultimately controlled by Mr. Wei Qiang
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LJTH Agreement”	the agreement dated 30 September 2016 entered into between Hebei Longitech and LongJiTaiHe in relation to the establishment of the smart energy cloud platform sub-systems by Hebei Longitech for subsidiaries of LongJiTaiHe
“LongJiTaiHe”	LongJiTaiHe Industry Co. Ltd. (隆基泰和實業有限公司), a company incorporated in the PRC and is ultimately controlled by Mr. Wei Shaojun
“LongJiTaiHe Group”	LongJiTaiHe and its subsidiaries
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclusively refers to Mainland China

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 30 September 2016

As at the date of this announcement, the executive directors of the Company are Mr. Wei Shaojun, Mr. Wei Qiang, Mr. Li Hai Chao and Ms. Zhen Xiaojing and the independent non-executive directors of the Company are Mr. Han Qinchun, Mr. Wong Yik Chung John and Mr. Han Xiaoping.