TK NEW ENERGY

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Tonking New Energy Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations for the year ended 31 March 2019 decreased by approximately 21% to approximately HK$542,314,000 (2018: approximately HK$685,947,000).

- Profit for the year ended 31 March 2019 amounted to approximately HK$31,624,000 (2018: approximately HK$21,969,000).

- Consolidated net asset value of the Group as at 31 March 2019 increased to approximately HK$230,373,000 (2018: approximately HK$223,481,000).

- Total equity attributable to owners of the Company as at 31 March 2019 was approximately HK$210,722,000 (2018: approximately HK$197,166,000).

- Basic and diluted earnings per share attributable to ordinary equity holders of the Company from continuing operations for the year ended 31 March 2019 was approximately HK cents 2.86 (2018: approximately HK cents 3.54).

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: nil).

ANNUAL RESULTS

The board (the "Board") of Directors of the Company presents the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2019

	Notes	**2019** HK$'000	2018 HK$'000
CONTINUING OPERATIONS			
REVENUE	3	**542,314**	685,947
Other income	4	**7,096**	4,528
Contract costs	6	**(468,504)**	(600,135)
Staff costs		**(20,156)**	(19,858)
Depreciation and amortisation		**(4,198)**	(4,676)
Property rentals and related expenses		**(1,361)**	(4,034)
Fuel and utility expenses		**(10)**	(18)
Administrative and other operating expenses		**(14,985)**	(21,263)
Finance costs	5	**(5,075)**	(1,184)
PROFIT BEFORE TAX	6	**35,121**	39,307
Income tax expense	7	**(9,813)**	(8,964)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**25,308**	30,343
DISCONTINUED OPERATION			
Profit/(loss) for the year from discontinued operation	8	**6,316**	(8,374)
PROFIT FOR THE YEAR		**31,624**	21,969
Attributable to:			
Owners of the Company			
– From continuing operations		**23,424**	28,922
– From discontinued operation		**6,216**	(7,916)
		29,640	21,006
Non-controlling interests			
– From continuing operations		**1,884**	1,421
– From discontinued operation		**100**	(458)
		1,984	963
		31,624	21,969
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (*HK cents*)	10		
– From continuing operations		**2.86**	3.54
– From discontinued operation		**0.76**	(0.97)
		3.62	2.57

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**31,624**	21,969
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(16,392)**	22,251
Other comprehensive (expense)/income, net of tax	**(16,392)**	22,251
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**15,232**	44,220
Attributable to:		
Owners of the Company	**14,728**	41,351
Non-controlling interests	**504**	2,869
	15,232	44,220

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**43,550**	80,943
Intangible assets		**7,696**	10,845
Lease prepayments		**134**	146
Non-current prepayments and rental deposits		**1,167**	14,108
Total non-current assets		**52,547**	106,042
CURRENT ASSETS			
Inventories		**30,307**	37,849
Contract assets		**96,393**	–
Trade and bills receivables	*11*	**198,504**	419,067
Prepayments, deposits and other receivables		**26,970**	60,641
Other financial assets		**3,031**	–
Due from a director		**–**	747
Due from related parties		**139**	6,620
Due from non-controlling shareholders		**–**	41
Lease prepayments		**3**	3
Tax recoverable		**–**	1,050
Cash and cash equivalents		**78,659**	69,831
Total current assets		**434,006**	595,849
CURRENT LIABILITIES			
Contract liabilities		**12,357**	–
Trade and bills payables	*12*	**79,972**	164,820
Other payables and accruals		**9,195**	54,348
Due to related parties		**11,011**	145,344
Due to non-controlling shareholders		**–**	1,000
Promissory note		**40,340**	38,900
Provision for reinstatement costs		**–**	1,094
Bank borrowings		**103,171**	62,399
Tax payable		**134**	3,787
Total current liabilities		**256,180**	471,692
NET CURRENT ASSETS		**177,826**	124,157
TOTAL ASSETS LESS CURRENT LIABILITIES		**230,373**	230,199

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
NON-CURRENT LIABILITIES			
Provision for reinstatement costs		**–**	6,718
Total non-current liabilities		**–**	6,718
Net assets		**230,373**	223,481
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*13*	**8,180**	8,180
Reserves		**202,542**	188,986
		210,722	197,166
Non-controlling interests		**19,651**	26,315
Total equity		**230,373**	223,481

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Tonking New Energy Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 21 November 2013.

The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit E, 29th Floor, CNT Tower, No. 338, Hennessy Road, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the renewable energy business in the People's Republic of China (the "PRC") and the operation and management of restaurants and cake shops in Hong Kong.

On 29 September 2017, the Company has conditionally agreed to sell the entire issued share capital of Glory Kind Development Limited, its wholly-owned subsidiary principally engaged in the operation and management of restaurants and cake shops in Hong Kong.

All the conditions precedent under the sale and purchase agreement have been fulfilled and the completion took place on 19 December 2018. Following the completion, the Company cease to hold any equity interest of the Glory Kind Development Limited and its financial results will no longer be consolidated into the Company's consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major services which arise from contracts with customers:

- provision of a one-stop value added solution for photovoltaic power stations
- sales of the patented photovoltaic tracking mounting bracket systems
- restaurant operations

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 March 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 April 2018
		HK$'000	*HK$'000*	*HK$'000*
Current assets				
Contract assets	(a)	–	84,118	84,118
Trade and bills receivables	(a)	419,067	(84,118)	334,949
Current liabilities				
Contract liabilities	(b)	–	8,211	8,211
Other payables and accruals	(b)	54,348	(8,211)	46,137

Notes:

(a) At the date of initial application, included in the trade and bills receivables of approximately HK$84,118,000 related to retention receivables, were reclassified to contract assets.

(b) At the date of initial application, included in the other payables and accruals of approximately HK$8,211,000 related to advance from customers, were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Contract assets	96,393	(96,393)	–
Trade and bills receivables	198,504	84,950	283,454
Gross amounts due from customers for contract works	–	11,443	11,443
Current liabilities			
Contract liabilities	12,357	(12,357)	–
Other payables and accruals	9,195	12,357	21,552

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and contract assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, contract assets and trade receivables have been assessed individually with significant balances and the remaining balances are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits and other receivables, due from a director, due from related parties, due from non-controlling shareholders and bank balances are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of approximately HK$1,172,000 has been recognised against retained profits. The additional loss allowance is charged against the respective assets.

Loss allowances as at 31 March 2018 reconciled to the opening loss allowance as at 1 April 2018 are as follows:

	Contract assets *HK$'000*	**Trade and bills receivables** *HK$'000*
At 31 March 2018 – HKAS 39	–	–
Amount remeasured through opening retained profits	320	852
At 1 April 2018 – HKFRS 9	320	852

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Impacts on opening consolidated statement of financial position arising from the application of HKFRS 9 and HKFRS 15

As a result of the change in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items were not affected by the changes have not been included.

	31 March 2018	HKFRS 15	HKFRS 9	1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Contract assets	–	84,118	(320)	83,798
Trade and bills receivables	419,067	(84,118)	(852)	334,097
Current liabilities				
Contract liabilities	–	8,211	–	8,211
Other payables and accruals	54,348	(8,211)	–	46,137
Capital and reserves				
Reserves	188,986	–	(1,172)	187,814

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

The adoption of these standards has no impact on the net cash flow from operating, investing and financing activities on the consolidated statement of cash flows.

3. SEGMENT INFORMATION AND REVENUE

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments for the year ended 31 March 2019 as follows:

– Continuing operations

  Renewable energy business segment is principally engaged in (i) provision of a one-stop value added solution for photovoltaic power stations (EPC, maintenance and support, and operation) and (ii) sales of the patented photovoltaic tracking mounting bracket systems.

– Discontinued operation

  Restaurant operations segment is operation and management of restaurants and cake shops in Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated corporate assets as they are assets managed on a group basis.

Segment liabilities exclude promissory note and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. **SEGMENT INFORMATION AND REVENUE (CONTINUED)**

Year ended 31 March 2019	Continuing operations Renewable energy business *HK$'000*	Discontinued operation Restaurant operations *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	**542,314**	**148,799**	**691,113**
Segment result	**48,264**	**8,110**	**56,374**
Reconciliation:			
Finance costs			**(5,761)**
Corporate and other unallocated expenses			**(8,067)**
Profit before tax			**42,546**
Segment assets	**465,923**	**–**	**465,923**
Reconciliation:			
Corporate and other unallocated assets			**20,630**
Total assets			**486,553**
Segment liabilities	**203,003**	**–**	**203,003**
Reconciliation:			
Promissory note			**40,340**
Corporate and other unallocated liabilities			**12,837**
Total liabilities			**256,180**
Other segment information:			
Interest income	**557**	**1**	**558**
Depreciation and amortisation	**4,166**	**8,054**	**12,220**
Capital expenditure*	**777**	**6,116**	**6,893**
Unallocated:			
Interest income			**9**
Depreciation			**32**

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Year ended 31 March 2018	Continuing operations Renewable energy business *HK$'000*	Discontinued operation Restaurant operations *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	685,947	221,704	907,651
Segment result	50,187	(6,722)	43,465
Reconciliation:			
Finance costs			(2,637)
Corporate and other unallocated expenses			(9,696)
Profit before tax			31,132
Segment assets	616,325	83,860	700,185
Reconciliation:			
Corporate and other unallocated assets			1,706
Total assets			701,891
Segment liabilities	366,857	66,484	433,341
Reconciliation:			
Promissory note			38,900
Corporate and other unallocated liabilities			6,169
Total liabilities			478,410
Other segment information:			
Interest income	679	1	680
Depreciation and amortisation	4,644	11,677	16,321
Capital expenditure*	17,111	25,465	42,576
Unallocated:			
Interest income			1
Depreciation			32
Capital expenditure*			6

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Geographic Information

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**148,799**	221,704
Mainland China	**542,314**	685,947
	691,113	907,651

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**72**	26,964
Mainland China	**51,308**	64,970
	51,380	91,934

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

For the year ended 31 March 2019, revenue of approximately HK$289,335,000 (2018: appropriately HK$456,455,000) from three (2018: five) customers in the renewable energy business segment contributing over 10% of the total revenue of the Group.

For the years ended 31 March 2019 and 2018, there was no revenue from a single customer contributing over 10% of total revenue of the Group by the restaurant operations segment to a single customer.

Revenue represents amounts received and receivable from the operation of restaurants, net of sales discounts and an appropriate proportion of contract revenue of construction contracts and sales of EPC materials business during the year. An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Restaurant operations	**148,799**	221,704
Construction contracts and sales of EPC materials	**542,314**	685,947
	691,113	907,651

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**566**	680
Sales of electricity income	**6,292**	3,777
Net realised and unrealised gains on other financial assets	**96**	–
Others	**142**	71
	7,096	4,528

	2019	2018
	HK$'000	*HK$'000*
Discontinued operation		
Interest income	**1**	1
Management income	**–**	1,920
Others	**157**	202
	158	2,123

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Interest expense on promissory note	**754**	–
Interest expense on bank borrowings	**4,321**	1,184
	5,075	1,184

	2019	2018
	HK$'000	*HK$'000*
Discontinued operation		
Interest expense on promissory note	**686**	1,453
	686	1,453

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Amortisation of intangible assets	**1,387**	579
Auditors' remuneration	**1,600**	1,500
Depreciation	**2,811**	4,097
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	**1,361**	4,034
Contract costs:		
Cost of construction materials and supplies	**387,769**	453,115
Subcontracting charges	**39,607**	107,693
Labour cost	**27,332**	23,399
Transportation	**4,708**	3,886
Machine and vehicle rental expenses	**4,348**	5,992
Other expenses	**4,740**	6,050
	468,504	600,135
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	**13,483**	13,879
Retirement benefit scheme contributions	**2,116**	2,826
	15,599	16,705
Impairment of items of property, plant and equipment	**–**	2,190
Net reversal of impairment losses on financial and contract assets	**(592)**	–
Loss on disposal of items of property, plant and equipment	**123**	66
Foreign exchange differences, net	**(26)**	38

6. PROFIT BEFORE TAX (CONTINUED)

	2019	2018
	HK$'000	*HK$'000*
Discontinued operation		
Cost of food and beverage	**42,492**	63,698
Amortisation of intangible assets	**189**	273
Depreciation	**7,865**	11,404
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	**33,408**	48,928
Contingent rents	**162**	574
	33,570	49,502
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	**45,477**	70,503
Retirement benefit scheme contributions	**1,867**	2,809
	47,344	73,312
Net reversal of impairment losses on financial assets	**(7)**	–
Reversal of provision for reinstatement costs	**(278)**	(1,687)
Loss on disposal of items of property, plant and equipment	**400**	2,174
Loss on disposal of intangible assets	**26**	37
Foreign exchange differences, net	**–**	1

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2018: 16.5%) during the year. Enterprise income tax is provided on the estimated taxable profits of the subsidiaries established in the PRC at a rate of 25% during the year.

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Current tax – PRC		
Charge for the year	**9,813**	8,964
Discontinued operation		
Current tax – Hong Kong		
Charge for the year	**1,109**	199
Total tax charge for the year	**10,922**	9,163

8. DISCONTINUED OPERATION

On 19 December 2018, the Group disposed its entire equity interest in Glory Kind Development Limited. The results of the restaurant operations carried out by the Group up to the date of disposal is presented in the consolidated financial statements of the Group as discontinued operation. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the restaurant operations as a discontinued operation.

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*3*	**148,799**	221,704
Other income	*4*	**158**	2,123
Cost of food and beverage	*6*	**(42,492)**	(63,698)
Staff costs		**(47,344)**	(73,312)
Depreciation and amortisation		**(8,054)**	(11,677)
Property rentals and related expenses		**(33,570)**	(51,263)
Fuel and utility expenses		**(3,068)**	(4,762)
Administration and other operating expenses		**(15,401)**	(25,837)
Finance costs	*5*	**(686)**	(1,453)
Loss before tax	*6*	**(1,658)**	(8,175)
Income tax expense	*7*	**(1,109)**	(199)
		(2,767)	(8,374)
Gain on disposal of a subsidiary		**9,083**	–
Profit/(loss) for the year from discontinued operation		**6,316**	(8,374)

9. DIVIDENDS

During the year ended 31 March 2019, no dividends have been paid or declared by the Company (2018: nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2019 *HK$'000*	2018 *HK$'000*
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share		
– Continuing operations	**23,424**	28,922
– Discontinued operation	**6,216**	(7,916)
	29,640	21,006

	2019 *'000*	2018 *'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**818,000**	818,000

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (CONTINUED)

For the year ended 31 March 2019, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares in issue during the year ended 31 March 2019.

For the year ended 31 March 2018, the calculation of the basic earnings/(loss) per share attributable to owners of the Company was based on (i) the profit/(loss) attributable to owners of the Company and (ii) the weighted average number of ordinary shares in issue during the year ended 31 March 2018 as adjusted retrospectively to reflect the impact of bonus shares completed on 1 November 2017.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2019 and 2018.

11. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**145,956**	263,826
Bills receivables	**53,011**	155,241
	198,967	419,067
Less: loss allowance	**(463)**	–
	198,504	419,067

For the catering business, the Group's trading terms with its customers are mainly on cash, credit card and smart card settlement.

For the renewable energy business, the Group's trading terms with its customers are mainly on credit. The credit period granted to the customers ranges from 30 days to 90 days.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one month	**26,874**	53,413
Over one month but less than three months	**25,789**	100,192
Over three months	**146,304**	265,462
	198,967	419,067

12. TRADE AND BILLS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**36,216**	54,215
Bills payables	**43,756**	110,605
	79,972	164,820

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one month	**25,326**	55,473
Over one month but less than two months	**3,553**	13,829
Over two months	**51,093**	95,518
	79,972	164,820

The trade payables are non-interest-bearing and generally have payment terms of 30 – 90 days.

These relevant trade payables are repayable on similar credit terms to those offered by the major suppliers of the Group.

13. ISSUED CAPITAL

	Number of ordinary share of HK$0.01 each	**Nominal value of ordinary shares** *HK$'000*
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2017	409,000,000	4,090
Issue of bonus shares	409,000,000	4,090
At 31 March 2018 and 31 March 2019	818,000,000	8,180

Note:

On 27 September 2017, the directors of the Company proposed a bonus issue of shares, credited as fully paid by way of capitalisation of the Company's share premium account, on the basis of one bonus share for every one existing share on 25 October 2017. The proposed bonus issue of shares had been approved by the shareholders of the Company on 17 October 2017.

BUSINESS REVIEW

Renewable Energy Business

According to its development needs, the Group has adjusted its focus on renewable energy business including two major operations, namely, (i) provision of one-stop value-added solutions (EPC, maintenance and support, and operation) for photovoltaic power stations and (ii) sale of patented photovoltaic tracking mounting bracket systems.

As of 31 March 2019, Tonking New Energy Technology (Shanghai) Limited*（同景新能源科技（上海）有限公司）has four wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited*（同景新能源科技（江山）有限公司）, Horqin Zuo Yi Hou Qi Tong Jing New Energy Limited*（科爾沁左翼後旗同景新能源有限公司）, Zhenping County Tong Jing New Energy Limited*（鎮平縣同景新能源有限公司）and Lin Yi Shi New Energy Limited*（臨沂市同景新能源有限公司）, as well as one non-wholly owned subsidiary, namely, Jin Zhai Xian Tong Jing New Energy Limited*（金寨縣同景新能源有限公司）for the purpose of accelerating the Group's development in the renewable energy business.

During the reporting period, our renewable energy business recorded a total revenue of approximately HK$542,314,000 (2018 corresponding period: HK$685,947,000), which was mainly attributable to the provision of one-stop value-added solutions for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems. During the reporting period, the total contracted installed capacity of Group was 395MW.

During the reporting period,

(I) Signing of new contracts

(1) On 2 April 2018, Tonking New Energy (Jiangshan) and Changshan County Huibu Town Shimuling Village Stock Economic Cooperative*（常山縣輝埠鎮石姆嶺村股份經濟合作社）entered into a contract in relation to the equipment procurement and installation project of the 1.56MWp photovoltaic power station in Shimuling Village, Huibu Town, Changshan County.

(2) On 13 April 2018, Tonking New Energy (Shanghai) and Yuchai Marketing Limited*（玉柴行銷有限公司）entered into a contract in relation to the procurement of horizontal single axis solar trackers for A zone project and B zone project of Yuchai Guiping 40MWp agrivoltaic power generation project phase II.

(3) On 16 April 2018, Tonking New Energy (Jiangshan) and Wanhuitong Energy Technology Co., Ltd.*（萬匯通能源科技有限公司）entered into a contract in relation to the procurement of horizontal single axis solar trackers for the 34.464MWp photovoltaic power generation project in Garzê Prefecture, Sichuan Province.

BUSINESS REVIEW (CONTINUED)

Renewable Energy Business (continued)

(I) Signing of new contracts (continued)

(4) On 22 April 2018, Tonking New Energy (Jiangshan) and Ningxia Luyu Construction Co., Ltd.*（寧夏魯禹建設工程有限公司）entered into a contract in relation to the sale and purchase of the stationary mounts for sheepfolds for the 6.36MWp agrivoltaic power generation project in Yongning county, Ningxia.

(5) In May 2018, Tonking New Energy (Jiangshan) and Jiangsu Ruiwang New Energy Technology Co., Ltd.*（江蘇瑞旺能源科技有限公司）entered into a contract in relation to the procurement of stationary mounts for the 5.9MWp photovoltaic power station project of the photovoltaic poverty-alleviation power plant in Luci town, Leping.

(6) In June 2018, Tonking New Energy (Jiangshan) and Zhejiang Hangkai Photovoltaic Technology Limited*（浙江杭開光伏科技有限公司）entered into a contract in relation to the procurement of stationary mounts for the 2MWp photovoltaic power station project in Hunan Town, Qujiang District, Quzhou City.

(7) In July 2018, Tonking New Energy and Jiangxi Dexing Photovoltaic Power Co. Ltd. Of State Power Investment Group*（國家電投集團江西德興光伏發電有限公司）entered into a contract in relation to the equipment sale and purchase and installation for the mounting system of the 13.496MW CPI photovoltaic power generation combined with forestry/agriculture project in Huangbai, Dexing City.

(8) In August 2018, Tonking New Energy (Jiangshan) and Jiangshan City Xintangbian Town Maocun Shantou Village Stock Economic Cooperative*（江山市新塘邊鎮毛村山頭村股份經濟合作社）entered into a contract in relation to the procurement and installation of equipment for the 305.5KWp ground-mounted photovoltaic power station in Maocun Shantou Village, Xintangbian Town, Jiangshan City.

(9) In August 2018, Tonking New Energy (Shanghai) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the mounting bracket for Sungrow Power Supply's 5.51152MW Fore-runner photovoltaic power station project in Weinan region.

(10) In August 2018, Tonking New Energy (Shanghai) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the fixed/adjustable brackets for Sungrow Power Supply's 55.46024MW Fore-runner photovoltaic power station project in Golmud City.

(11) In September 2018, Tonking New Energy (Shanghai) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the brackets for Sungrow Power Supply's 50.42286MW photovoltaic poverty-alleviation project in Qinghai Province.

BUSINESS REVIEW (CONTINUED)

Renewable Energy Business (continued)

(I) Signing of new contracts (continued)

(12) In November 2018, Tonking New Energy (Shanghai) entered into a procurement contract with CPI Power Engineering Co., Ltd.*（中電投電力工程有限公司）in relation to the tracking mounting bracket devices for 44.06848MW fishery photovoltaic complementary project I at Sheyang Lake in Photovoltaic Power Generation Fore-runner Base in Baoying County.

(13) In November 2018, Tonking New Energy (Shanghai) entered into a procurement contract with CPI Power Engineering Co., Ltd.*（中電投電力工程有限公司）in relation to the fixed mounting bracket devices for 9.984MW fishery photovoltaic complementary project I at Sheyang Lake in Photovoltaic Power Generation Fore-runner Base in Baoying County.

(14) In November 2018, Tonking New Energy (Jiangshan) entered into an EPC general contract with Zhejiang China New Energy Development Co., Ltd.*（浙江中新能源發展有限公司）in relation to the 16.2KW tea photovoltaic complementary project in Rizhao City, Shandong Province.

(15) In November 2018, Tonking New Energy (Jiangshan) entered into a procurement contract with Shanghai Baoye Group Corp., Ltd. *（上海寶冶集團有限公司）in relation to the 9.3536MW agricultural photovoltaic power plant project with flat uniaxial brackets in Hanchuan City, Hubei Province.

(16) In December 2018, Tonking New Energy (Shanghai) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the photovoltaic brackets for Sungrow Power Supply's 3.96MW Jinzhai Project.

(17) In December 2018, Tonking New Energy (Jiangshan) entered into a procurement contract with Shanghai Baoye Group Corp., Ltd. *（上海寶冶集團有限公司）in relation to the 2.4864MW agricultural photovoltaic power plant project with flat uniaxial brackets in Hanchuan City, Hubei Province.

(18) In January 2019, Tonking New Energy (Jiangshan) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the brackets for Sungrow Power Supply's 0.384MW photovoltaic poverty-alleviation project in YuGou Town, Lingbi County.

(19) On January 2019, Tonking New Energy (Shanghai) entered into a procurement contract with Yuchai Marketing Co.,Ltd.*（玉柴營銷有限公司）in relation to the flat uniaxial tracking mounting brackets for phase II of the 9.4608MW agricultural photovoltaic power generation project in Guipin, Yuchai.

(20) In February 2019, Tonking New Energy (Jiangshan) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the brackets for Sungrow Power Supply's 0.048MW small and empirical photovoltaic poverty-alleviation project in Golmud City.

BUSINESS REVIEW (CONTINUED)

Renewable Energy Business (continued)

(I) Signing of new contracts (continued)

(21) On February 2019, Tonking New Energy (Jiangshan) entered into a procurement contract with Hebei Zhongrui Electric Power Equipment Co., Ltd.*（河北中瑞電力設備有限公司）in relation to the flat uniaxial tracking mounting brackets for the 0.1332MW double-sided tracking experiment project in Delhi City.

(22) In March 2019, Tonking New Energy entered into a supplementary agreement with Jiangxi Dexing Photovoltaic Power Co. Ltd. of State Power Investment Group*（國家電投集團江西德興光伏發電有限公司）in relation to the further optimization of technology for the 1.2096MW CPI photovoltaic power generation project combining with projects in agriculture and forestry in Huangbai, Dexing City.

(23) In March 2019, Tonking New Energy (Jiangshan) entered into a procurement contract with Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）in relation to the fixed mounting brackets for Sungrow Power Supply's 5.115MW Jinzhai Project.

(24) In March 2019, Tonking New Energy (Jiangshan) entered into a contracting agreement with Jiangshan Huihong New Energy Co., Ltd.*（江山市輝宏新能源有限公司）in relation to the expansion for the 3.5046MW photovoltaic power generation project in Fenglin Town.

(II) Successful Tender and Contracts Awarded

(1) A contract was awarded by Wuling Wuhai Electric Power Co., Ltd.*（五淩烏海電力有限公司）to Tonking New Energy (Jiangshan) in relation to the engineering, procurement and construction general contracting for the 47.65804MWp photovoltaic field of Wuling Wuhai.

(2) A contract was awarded by Guangxi Xijiang Group Investment Co., Ltd.*（廣西西江集團投資股份有限公司）to Tonking New Energy (Shanghai) and entered into with Guangxi Tiandong Xijiang Energy Co., Ltd.*（廣西田東西江能源有限公司）in relation to the procurement of floating photovoltaic system for the 27MWp hydro-photovoltaic project at the Lila Ditch of Weir Reservoir Area in Youjiang district, Guangxi Province.

The mounting bracket systems independently developed by the Group will be applied in all the above projects. The bracket components will be made of high-quality materials such as steel structures and aluminum alloys. The surface will be treated with hot-dip galvanized rust-prevention and vacuum-infiltrated zinc alloy anti-corrosion treatment, with anti-corrosion durability not less than 25 years. As aluminum alloys are light-weighted, recyclable and reusable with strong toughness, high yield strength, and are highly resistant to corrosion, they can minimize costs and maximize overall efficiency. Integration of the above characteristics with the structure of Tonking's mounting bracket can significantly improve the tracking accuracy of the mounting brackets, which can in turn improve the power generation efficiency remarkably. It not only satisfies customer's requirement for corrosion resistance of the product, but also maximizes economic benefits for customers.

BUSINESS REVIEW (CONTINUED)

Renewable Energy Business (continued)

(II) Successful Tender and Contracts Awarded (continued)

The Group will continue to focus on the research and development of photovoltaic tracking systems for various complex terrains, and strive to make new technological breakthroughs so as to provide customers with comprehensive and efficient integrated solutions of solar energy systems.

The Group adheres to promoting healthy and sustainable development based on technological innovation, occupying the market with advanced technologies, increasing investment in technology research and carrying out the market-oriented, customer-centered philosophy. Based on its many years' experience in renewable energy and careful analysis of China's policies, it can provide customers with an ecological integrated intelligence mode combining agriculture (forestry and animal husbandry), fishery and photovoltaic generation, as well as personalized intelligent solutions for mountains, roofs, etc.

With the outstanding core competitiveness brought by its own patented proprietary technological products, the Group's market share has achieved a steady growth. The Group actively participates in various projects such as photovoltaic fore-runner projects, photovoltaic poverty alleviation projects and distributed photovoltaic projects, helping to solve the problem of electricity consumption in poor areas and provide a long-term source of stable income to poor people on the one hand, while demonstrating the competitive strength and technological advantage strength of the Group's products through fore-runner projects on the other hand.

Our floating pontoon has successfully passed the European Union RoHS quality standards certification, marking that the Group has become the first supplier certificated by the TÜV SÜD Hydro-photovoltaic Bracket System in the PRC. Meanwhile, our "power distribution cabinet tracker" has passed the 3C certification and our tracking mounting brackets system has also passed the certification of American Underwriters Laboratories (UL). And at the same time, Tonking New Energy Technology (Jiangshan) Co., Ltd.*（同景新能源科技（江山）有限公司）, a wholly-owned subsidiary of the Group, obtained the Certificate of Class-B Qualification for Engineering Design in relation to Electricity Industry (Renewable Energy Power Generation)（電力行業（新能源發電）專業乙級工程設計資質）, which was another development breakthrough made by the Group following the obtaining of the Construction General Contracting Qualification (Class-C) for Electric Engineering（電力工程施工總承包三級資質）. This certificate has met the Company's requirements in engineering design of new energy power generation, successfully brought the Company to a new stage of engineering design of the new energy industry and further established the Company's leading position in the renewable energy industry.

Food and Beverage Business

The Group was also operating full-service restaurants and cake shops during the Report Period before the disposal of food and beverage business in December 2018.

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2019, the Group recorded revenue of approximately HK$542,314,000, representing a decrease of approximately 21% compared with approximately HK$685,947,000 of the corresponding period in 2018.

Contract costs

The contract costs for the year ended 31 March 2019 was approximately HK$468,504,000 (2018: approximately HK$600,135,000). The costs were derived from the renewable energy business which was mainly represented by the cost of construction materials and supplies, subcontracting charges, labour costs, transportation, machine and vehicle rental expenses and other expenses.

Staff costs

The staff costs slightly increased by approximately 2% to approximately HK$20,156,000 for the year ended 31 March 2019 (2018: approximately HK$19,858,000). The staff costs maintained steady comparing to 2018.

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 10% to approximately HK$4,198,000 for the year ended 31 March 2019 (2018: approximately HK$4,676,000).

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2019 amounted to approximately HK$1,361,000 (2018: approximately HK$4,034,000), representing a decrease of approximately 66% as compared to the corresponding period in 2018.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately 30% to approximately HK$14,985,000 for the year ended 31 March 2019 from approximately HK$21,263,000 for the corresponding period in 2018. The decrease was mainly due to the Group strengthen the cost control during the year.

Net profit

For the year ended 31 March 2019, the Group recorded profit attributable to owners of the Company of approximately HK$23,424,000 (For the year ended 31 March 2018: approximately HK$28,922,000).

FUTURE PROSPECTS

1. The Ministry of Land and Resources, the State Council Leading Group Office of Poverty Alleviation and Development and the National Energy Administration issued Opinions on Supporting Photovoltaic Poverty Alleviation and Regulating Photovoltaic Power Generation Industry Lands (Guo Tu Zi Gui [2017] No.7) (國土資規[2017]7號關於支援光伏扶貧和規範光伏發電產業用地的意見) in September 2017. The Opinions pointed out that all regions shall speed up the preparation of their photovoltaic power generation plans and rationalize the construction of photovoltaic power generation projects according to the national photovoltaic industry development plan and their actual conditions. The photovoltaic power generation plans should be consistent with the overall land use plans and other related plans. Unutilised lands are allowed to be used whereas agricultural lands shall not be occupied. The use of permanent basic farmland in any way shall be prohibited and the development of photovoltaic power generation projects in the region expressly prohibited by the relevant national laws, regulations and plans shall also be strictly prohibited.

   Apart from the photovoltaic poverty alleviation projects identified in this document and the photovoltaic power station projects constructed by taking use of agricultural lands (hereinafter referred to as "Photovoltaic Compound Projects"), other photovoltaic power station projects shall use land in strict compliance with the requirements of Guo Tu Zi Gui [2015] No. 5(國土資規[2015]5號文). For projects involved in unutilised lands, the land for photovoltaic arrays can be identified according to the in-place category under which the use of lands shall not be changed and lands shall be used rationally.

   Tonking Group used the agricultural land other than permanent basic farmland for its photovoltaic arrays and will not change the nature of the original land without prejudice to the conditions of agricultural production. This model meets the requirements of the Ministry of Land and Resources and will be widely adopted and promoted in the photovoltaic industry, which will provide a vast space for the future development of the Company.

2. **The Notice on the Issues Related to the Construction of Fore-runner Bases for Photovoltaic Power Generation in 2017 (《關於2017年光伏發電領跑基地建設有關事項的通知》)**

   The National Energy Administration issued this notice in December 2017. The project of fore-runner bases for photovoltaic power generation aims to improve the efficiency of photovoltaic power generation, upgrade the industry, develop more applications and reduce the cost of power generation by selecting and supporting the outstanding corporations in photovoltaic industry. As regards the photovoltaic products purchase, land approval and grid integration, national photovoltaic projects will give priority to the qualified enterprises in the project of fore-runner bases for photovoltaic power generation. In addition, this notice can ensure the qualities of the candidate enterprises, which have adequate capacity in finance and scientific research so as to promote the development of the industry.

FUTURE PROSPECTS (CONTINUED)

3. The Notice on the Issues Related to Photovoltaic Power Generation in 2018 (《關於2018年光伏發電有關事項的通知》)

The National Development and Reform Commission, Ministry of Finance, the National Energy Administration jointly issued this notice on 31 May 2018. Such notice aims to reasonably control the development pace while optimising the new construction scale of photovoltaic power generation; to standardize the development of distributed photovoltaic power; to support photovoltaic power poverty alleviation and achieve targeted poverty alleviation; to proceed the construction of fore-runner bases for photovoltaic power generation in an orderly way; to encourage local governments to support the development of photovoltaic power industry by formulating policies based on their actual situation; to speed up the subsidy reduction process on photovoltaic power generation through lowering the levels of subsidies; to further enhance market-oriented distribution by activating the decisive role of market-oriented resource allocation.

4. The Notice of the National Development and Reform Commission and the National Energy Administration on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies (《國家發展改革委國家能源局關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》)

In early January 2019, the National Development and Reform Commission and the National Energy Administration jointly issued the Document Fa Gai Neng Yuan [2019] No. 19（發改能源[2019]19號文件）. The notice aims to carry out the construction of grid parity projects and low-price grid pilot projects, optimize the investment environment for the grid parity projects and low-price grid projects, ensure the implementation of prioritized power generation and fully capacity guaranteed purchase, and encourage the grid parity projects and low-price grid projects to obtain reasonable compensation through transaction of green certificates.

5. The Notice of the National Energy Administration and the State Council Leading Group Office of Poverty Alleviation and Development on Second Batch of Photovoltaic Poverty Alleviation Projects for the 13th FYP Period (《國家能源局國務院扶貧辦關於下達「十三五」第二批光伏扶貧項目計劃的通知》)

The National Energy Administration issued Guo Neng Fa Xin Neng [2019] No. 37 in April 2019. The notice aims to promote photovoltaic poverty alleviation in a solid and orderly manner by strengthening the construction, operation and maintenance management of power stations. The photovoltaic poverty alleviation projects cover a total of 15 provinces (autonomous regions) and 165 counties and involve a total of 3,961 village-level photovoltaic poverty alleviation power stations (hereinafter referred to as power stations) with a total installed capacity of 1,673,017.43 kilowatts.

FUTURE PROSPECTS (CONTINUED)

6. The Notice of the General Office of the National Energy Administration on Submitting the List of Grid Parity Projects of Wind Power and Photovoltaic Power in 2019 (《國家能源局綜合司關於報送2019年度風電、光伏發電平價上網項目名單的通知》)

The National Energy Administration also issued the Notice of the General Office of the National Energy Administration on Submitting the List of Grid Parity Projects of Wind Power and Photovoltaic Power in 2019 (《國家能源局綜合司關於報送2019年度風電、光伏發電平價上網項目名單的通知》) in April 2019, which aims to promote the construction of subsidy-free grid parity projects of wind power and photovoltaic power, encourage the voluntary transfer of stock projects to grid parity projects, actively promote the market-oriented trading pilot of distributed power generation, and strictly implement the construction conditions of grid parity projects.

7. The Notice of the National Energy Administration on the Issues Related to the Construction of Wind Power and Photovoltaic Power Generation Projects in 2019 (《國家能源局關於2019年風電、光伏發電項目建設有關事項的通知》)

The National Energy Administration issued Guo Neng Fa Xin Neng [2019] No. 49 in May 2019. The notice aims to actively promote the construction of grid parity projects, strictly regulate the competition allocation of subsidized projects, comprehensively implement the power supply and consumption conditions and optimize the construction of investment and business environment.

In order to speed up the further development in photovoltaic sector, the Group will, on the one hand, increase the proportion of research and development investment, focusing on the research and development of high quality and leading photovoltaic tracking system products with sustained market competitiveness. Through innovation, we aim to improve product performance, reduce power generation cost and promote grid parity. With its own resources and competitive advantages, the Group actively promotes the photovoltaic 'fore-runner' project and photovoltaic poverty alleviation project. At the same time, we will continue to maintain the cooperation with large enterprise groups in the industry, so as to increase the market share of the Group's photovoltaic tracking system in the industry. On the other hand, based on the steady development of domestic business, we intend to expand the market share in the international market. With the sustained global concern on the environmental protection, as well as the great impetus of "the Belt and Road" policy to the application of renewable energy by alongside countries and regions, the Group will also grasp its own technical advantages and successful experience to actively deploy overseas market and ensure its products pass UL testing and relevant international certification standards. Currently, the Group has made cooperation with Lebanon, and is planning to sell its products to Africa, India, Southeast Asia and other countries in the future.

FUTURE PROSPECTS (CONTINUED)

We believe that under the joint efforts of the Group as a whole, in the photovoltaic market where technological development becomes increasingly mature, the Group's photovoltaic tracking system enjoying technological advantage will gain more recognition and popularity among its peers in the industry, and it will become much more competitive over time with a surging number of power stations applying such technology.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2019, the total number of issued shares of the Company is 818,000,000.

As at 31 March 2019, the share capital and equity attributable to owners of the Company amounted to HK$8,180,000 and approximately HK$210,722,000 respectively (2018: HK$8,180,000 and approximately HK$197,166,000 respectively).

Cash position

As at 31 March 2019, the cash and cash equivalents of the Group amounted to approximately HK$78,659,000 (2018: approximately HK$69,831,000), representing an increase of approximately 13% as compared to that as at 31 March 2018.

Bank borrowings

During the year, the Group has borrowed short-term bank loans amounted to approximately HK$103,171,000 which bear effective interest rates from 4.40% to 5.92% per annum.

Gearing ratio

As at 31 March 2019, the gearing ratio of the Group was approximately 40% (2018: approximately 53%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade and bills payables, other payables and accruals, tax payable and provision for reinstatement costs.

Exchange rate exposure

The Group is principally engaged in the renewable energy business in the PRC and the operation and management of restaurants and cake shops in Hong Kong. As the renewable energy business segment of the Group has subsidiaries operating in the PRC, in which most of their transactions are denominated in Renminbi, the Group is exposed to foreign exchange fluctuations in Renminbi.

The Group has not entered into any foreign exchange contract as hedging measures. The Group manages its foreign currency risk against Renminbi by closely monitoring its movement and the management may consider using hedging derivative, to manage its foreign currency risk in future should the need arises.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

On 29 September 2017 the Company and Happy Kind Holdings Limited (the "Purchaser") entered into a sale and purchase agreement (the "Sale and Purchase Agreement"). Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire and the Company conditionally agreed to sell the entire issued share capital of Glory Kind Development Limited and its subsidiaries. The transaction was completed on 19 December 2018.

Save as disclosed above, there were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 March 2019.

Contingent Liabilities

As at 31 March 2019, the Group had no material contingent liabilities (2018: nil).

Capital Commitment

As at 31 March 2019, the Group had capital commitments of approximately HK$13,000 (2018: approximately HK$65,000).

Employees and Emolument Policies

The Group had 176 employees (including Directors) as at 31 March 2019 (2018: 471 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses for both the renewable energy and the food and beverage businesses. The remuneration packages are subject to review on a regular basis.

The Directors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses relating to our performance. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market level of salaries paid by comparable companies, individual performance and achievement, and are approved by the Board.

The Group's remuneration to employees includes salaries and discretionary performance bonus. Duty meals are also provided to employees. The Group has adopted profit sharing schemes under which certain employees are benefited from it. The Group provides insurance coverage in respect of medical care and work injury to its employees. Rental allowance is also given to certain employees.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and bank balances.

Interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Our Group adheres to the principle of Recycling and Reducing. Furthermore, it uses energy-saving appliances in the production process to save energy.

Our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of our Group's businesses to move towards adhering the 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

The Group's Environmental, Social and Governance Report for the year ended 31 March 2019 will be published on the respective websites of the Stock Exchange and the Company on or before 30 September 2019.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is aware of the importance of complying with the relevant laws and regulations. The Company has distributed human resources to guarantee our constant compliance to provisions and codes, and build good relationship with supervision authorities through effective communication. During the year ended 31 March 2019, to the knowledge of the Directors, the Company has complied with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), the GEM Listing Rules and all other relevant legislations and regulations which have significant impacts on the Company.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers.

The Group also maintains a good relationship with its suppliers.

During the year ended 31 March 2019, there was no material dispute on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits.

In view of the above and as at the date of the annual report, there is no circumstance or any event which will have a significant impact on the Group's business and on which the Group's success depends.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 March 2019 is set out in the section headed "Five Years' Financial Summary" of the annual report.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 March 2019, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.2.1 as described below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wu Jian Nong, being the executive director of the Company since 1 October 2015, has been appointed as the Chief Executive Officer and Vice Chairman of the Company on 21 November 2015 and redesignated from vice chairman to chairman of the Board on 11 August 2016. Mr. Wu Jian Nong served as the chairman of the Board and chief executive officer of the Company with effect from 11 August 2016. The Company does not at present separate the roles of the chairman of the Board and chief executive officer of the Company. As Mr. Wu Jian Nong has extensive experience in the renewable energy industry and is responsible for the overall corporate strategies, planning and business development of the Company, the Board believes that vesting the roles of both chairman and chief executive officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies, notwithstanding that it is a deviation from code provision A.2.1 of the Code.

The Board believes that the balance of power and authority are adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals, with three of them being independent non-executive Directors, and will continue to review the effectiveness of the corporate governance structure of the Group and assess whether changes, including the separation of the roles of chairman and chief executive officer, are necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 March 2019.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Directors	Capacity	Number of ordinary shares interested	Approximate percentage of shareholding
Mr. Wu Jian Nong	Interest of controlled corporation *(note)*	231,454,000	28.30%

Note:

These 231,454,000 Shares are totally held by Rise Triumph Limited and Signkey Group Limited, of which 224,380,000 shares are held by Rise Triumph Limited and 7,074,000 shares are held by Signkey Group Limited. Mr. Wu Jian Nong, Mr Xu Shui Sheng and Ms. Shen Meng Hong beneficially owns 96%, 3% and 1% of the issued share capital of Rise Triumph Limited respectively. Mr Xu Shui Sheng and Ms. Shen Meng Hong are therefore deemed to held 6,731,400 Shares (being 0.82%) and 2,243,800 Shares (being 0.27%) of the Shares of the Company respectively. Mr. Wu Jian Nong, Mr Xu Shui Sheng and Ms. Shen Meng Hong beneficially owns 85%, 3% and 1% of the issued share capital of Signkey Group Limited respectively. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited and Signkey Group Limited respectively for the purpose of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES AND THE INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2019 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholders	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Rise Triumph Limited *(Note 1)*	Beneficial owner	224,380,000	27.43%
Victory Stand *(Note 2)*	Beneficial owner	206,000,000	25.18%

Note:

1. These 224,380,000 Shares are held by Rise Triumph Limited. Mr. Wu Jian Nong beneficially owns 96% of the issued share capital of Rise Triumph Limited. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited for the purpose of the SFO.

2. These 206,000,000 Shares are held by Victory Stand International Limited ("Victory Stand"), the entire issued share capital of which is beneficially owned as to 73.88%, 17.41% and 8.71% by Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen, respectively. Mr. Wu Kai Char is deemed to be interested in all the Shares held by Victory Stand under the SFO.

Save as disclosed above, as at 31 March 2019, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2019.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the Code. The audit committee has three members comprising the three independent non-executive Directors, namely Mr. Yuan Jiangang, Ms. Wang Xiaoxiong and Mr. Zhou Yuan. The chairman of the audit committee is Mr. Yuan Jiangang. The audit committee of the Company has reviewed the audited annual results of the Group for the year ended 31 March 2019.

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 March 2019 have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's drafted consolidated financial statements for the year ended 31 March 2019. The work performed by HLB in this respect did not constitute 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 HKICPA and consequently no assurance has been expressed by HLB in this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 2 August 2019 (Friday), at 11:00 a.m., at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong.

For determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 30 July 2019 (Tuesday) to 2 August 2019 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before 4:00 p.m. on 29 July 2019 (Monday).

PUBLICATION OF 2019 ANNUAL REPORT

The 2019 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at http://www.tonkinggroup.com.hk and the "HKExnews" website of the Stock Exchange at http://www.hkexnews.hk.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates, lawyers, compliance adviser and auditors for their support throughout the year.

By Order of the Board
Tonking New Energy Group Holdings Limited
Mr. Wu Jian Nong
Executive Director, Chairman of the Board
and Chief Executive Officer

Hong Kong, 26 June 2019

As at the date of this announcement, the executive Directors are Mr. Wu Jian Nong, Ms. Shen Meng Hong, Mr. Xu Shui Sheng and Mr. Zhou Jian Ming; and the independent non-executive Directors are Mr. Yuan Jiangang, Mr. Zhou Yuan and Ms. Wang Xiaoxiong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website (www.hkexnews.hk) for 7 days from the date of its posting and will also be published on the Company's website (www.tonkinggroup.com.hk).