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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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 2021, together with the comparative figures for the year ended 31 March 2020 as follows:

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	3	**190,854**	284,887
Contract costs and costs of sales	6	**(174,428)**	(245,191)
Gross profit		**16,426**	39,696
Other income	4	**6,506**	13,616
Administrative and other operating expenses		**(27,558)**	(35,912)
Finance costs	5	**(2,688)**	(6,005)
(LOSS)/PROFIT BEFORE TAX	6	**(7,314)**	11,395
Income tax credit/(expense)	7	**63**	(3,305)
(LOSS)/PROFIT FOR THE YEAR		**(7,251)**	8,090
Attributable to:			
Owners of the Company		**(8,630)**	6,329
Non-controlling interests		**1,379**	1,761
		(7,251)	8,090
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted *(HK cents)*	9	**(1.06)**	0.77

	2021 *HK$'000*	2020 *HK$'000*
(LOSS)/PROFIT FOR THE YEAR	**(7,251)**	8,090
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**22,048**	(16,676)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**22,048**	(16,676)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**14,797**	(8,586)
Attributable to:		
Owners of the Company	**11,681**	(9,085)
Non-controlling interest	**3,116**	499
	14,797	(8,586)

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	**2021** **HK$'000**	2020 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**38,872**	38,085
Right-of-use assets		**133**	467
Intangible assets		**5,634**	6,084
Non-current prepayments		**–**	410
Total non-current assets		**44,639**	45,046
CURRENT ASSETS			
Inventories		**11,158**	7,186
Contract assets		**19,102**	102,255
Trade and bills receivables	*10*	**228,684**	118,167
Prepayments, deposits and other receivables		**53,856**	25,284
Other financial assets		**–**	1,093
Due from related parties		**15**	1,305
Cash and cash equivalents		**24,428**	118,214
Total current assets		**337,243**	373,504
CURRENT LIABILITIES			
Contract liabilities		**6,599**	163
Trade and bills payables	*11*	**51,588**	67,461
Other payables and accruals		**48,251**	54,807
Due to related parties		**11,197**	11,010
Bank borrowings		**28,233**	62,110
Lease liabilities		**–**	345
Tax payable		**25**	867
Total current liabilities		**145,893**	196,763
NET CURRENT ASSETS		**191,350**	176,741
TOTAL ASSETS LESS CURRENT LIABILITIES		**235,989**	221,787
Net assets		**235,989**	221,787

	Notes	**2021**	2020
		HK$'000	*HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**8,180**	8,180
Reserves		**205,138**	193,457
		213,318	201,637
Non-controlling interests		**22,671**	20,150
Total equity		**235,989**	221,787

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Room 1302, 13th Floor, Chevalier House, 45-51 Chatham Road South, Tsim Sha Tsui, Kwoloon, Hong Kong. The Group's principal activity is the renewable energy business in the People's Republic of China (the "PRC").

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.

The 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 involving assumptions and estimates are significant to the consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3. SEGMENT INFORMATION AND REVENUE

For management purposes, the Group has only one reportable operating segment which is the renewable energy business segment. The renewable energy business segment engages 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. Accordingly, no segment information is presented.

The Group's revenue from external customers was derived solely from its operations in the PRC and over 90% of the non-current assets of the Group were located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2021	2020
	HK$'000	*HK$'000*
Customer A	**43,390**	32,768
Customer B	**N/A[1]**	107,201
Customer C	**N/A[1]**	39,799
Customer D	**N/A[1]**	42,822
Customer E	**21,900**	N/A[1]
Customer F	**19,734**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group

An analysis of revenue is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Provision of one-stop value added solution and sales of the patented photovoltaic tracking mounting bracket systems	**190,854**	284,887

4. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Interest income	**602**	580
Sales of electricity income	**4,556**	5,395
Net realised and unrealised gains on other financial assets	**493**	1,039
Government grants and subsidy	**158**	6,496
Others	**697**	106
	6,506	13,616

5. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest expense on promissory note	**1,440**	1,444
Interest expense on bank borrowings	**1,242**	4,529
Interest expense on lease liabilities	**6**	32
	2,688	6,005

6. (LOSS)/PROFIT BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Amortisation of intangible assets	**932**	1,165
Auditors' remuneration	**750**	750
Depreciation of property, plant and equipment	**2,817**	3,018
Depreciation of right-of-use assets	**354**	653
Property rental and rental expenses		
Short-term leases – Premises	**83**	87
Contract costs and costs of sales:		
Cost of materials and supplies	**152,577**	204,652
Subcontracting charges	**4,747**	8,024
Labour cost	**13,323**	26,119
Transportation	**694**	1,057
Short-term leases		
– Machinery, motor vehicles and other equipment	**2,417**	2,379
Other expenses	**670**	2,960
	174,428	245,191
Employee benefits expenses (including directors' and chief executive's remuneration):		
Salaries, wages, fees and other benefits	**8,593**	12,719
Retirement benefit scheme contributions	**337**	892
	8,930	13,611
Net (reversal of impairment losses)/impairment losses on financial and contract assets	**(332)**	1,176
Written off of contract assets	**–**	3,692
Loss on disposal of items of property, plant and equipment	**161**	116
Foreign exchange differences, net	**47**	(23)

7. INCOME TAX (CREDIT)/EXPENSE

No provision for Hong Kong profits tax has been made for both years as the Group did not generate any assessable profits arising in Hong Kong. Enterprise income tax is provided on the estimated taxable profits of the subsidiaries established in the PRC at a rate of 25% (2020: 25%) during the year.

	2021	2020
	HK$'000	*HK$'000*
Current tax – PRC		
(Credit)/charge for the year	**(63)**	3,305

8. DIVIDENDS

During the year ended 31 March 2021, no dividends have been paid or declared by the Company (2020: nil).

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

	2021	2020
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share	**(8,630)**	6,329

	2021	2020
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**818,000**	818,000

For the years ended 31 March 2021 and 2020, the calculation of the basic (loss)/earnings per share attributable to owners of the Company was based on (i) the (loss)/profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares in issue during the years ended 31 March 2021 and 2020.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2021 and 2020.

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**140,088**	101,494
Bills receivables	**89,918**	17,574
	230,006	119,068
Less: loss allowance	**(1,322)**	(901)
	228,684	118,167

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 (or date of revenue recognition, if earlier), is as follows:

	2021	2020
	HK$'000	*HK$'000*
Current or within one month	**101,716**	28,309
Over one month but less than three months	**36,470**	46,579
Over three months	**91,820**	44,180
	230,006	119,068

11. TRADE AND BILLS PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**19,749**	49,275
Bills payables	**31,839**	18,186
	51,588	67,461

11. TRADE AND BILLS PAYABLES (CONTINUED)

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:

	2021	2020
	HK$'000	*HK$'000*
Within one month	**20,598**	33,144
Over one month but less than two months	**5,665**	8,065
Over two months	**25,325**	26,252
	51,588	67,461

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

12. ISSUED CAPITAL

	Number of ordinary share of HK$0.01 each	**Nominal value of ordinary shares** *HK$'000*
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 31 March 2021	818,000,000	8,180

BUSINESS REVIEW AND FUTURE PROSPECTS

Renewable Energy Business

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

As of 31 March 2021, Tonking New Energy Technology (Shanghai) Limited*（同景新能源科技（上海）有限公司）has three wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited*（同景新能源科技（江山）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 Tong Jing 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）.

During the reporting period, our renewable energy business recorded a total revenue of approximately HK$190,854,000 (2020 corresponding period: HK$284,887,000), 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 699.43MW.

During the reporting period,

Signing of new contracts

(1) In April 2020, Tonking New Energy (Jiangshan) and Jiangshan City Changtai Town Huayuan Village Stock Economic Cooperative*（江山市長台鎮花園村股份經濟合作社）entered into a non-governmental procurement contract in relation to the 359.125KW ground-mounted photovoltaic poverty alleviation procurement project in Huayuan Village, Changtai Town

(2) In April 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the project of 40MW photovoltaic brackets of grid-connected power generation for Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）and Jiuquan Huiyang New Energy Power Generation Co., Ltd.*（酒泉輝陽新能源發電有限公司）on Dongdong Beach, Suzhou District

(3) In April 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract of tracking mounting bracket systems for Sungrow Power Supply

BUSINESS REVIEW AND FUTURE PROSPECTS (CONTINUED)

Renewable Energy Business (Continued)

Signing of new contracts (Continued)

(4) In April 2020, Tonking New Energy (Jiangshan) and Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.*（廣西建工集團第二安裝建設有限公司）entered into a purchase and sale contract in relation to the 50MW mounting bracket for the Chongzuo project

(5) In May 2020, Tonking New Energy (Jiangshan) and Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.*（廣西建工集團第二安裝建設有限公司）entered into a purchase and sale contract in relation to the 10MW mounting brackets for the Jiangong Longzhou project

(6) In June 2020, Tonking New Energy (Jiangshan) and Changshan Changfeng Hydropower Branch of Zhejiang Hengchang Industrial Group Co. Ltd.*（浙江恒昌實業集團有限公司常山長風水電分公司）entered into a contract in relation to the Hengchang rooftop photovoltaic project

(7) In June 2020, Tonking New Energy (Jiangshan) and Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.*（廣西建工集團第二安裝建設有限公司）entered into a purchase and sale contract in relation to the 30MW mounting brackets for the Chongzuo project

(8) In June 2020, Tonking New Energy (Jiangshan) and Beijing Guodian Futong Science and Technology Development Co., Ltd.*（北京國電富通科技發展有限責任公司）entered into a procurement contract in relation to photovoltaic brackets for the Nanrui Chabei project

(9) In June 2020, Tonking New Energy (Jiangshan) and Beijing Guodian Futong Science and Technology Development Co., Ltd.*（北京國電富通科技發展有限責任公司）entered into a supplementary procurement contract in relation to photovoltaic brackets for the Nanrui Chabei project

(10) In August 2020, Tonking New Energy (Shanghai) and Beijing Changyuan Electric Engineering Co., Ltd.*（北京昶源電力工程有限公司）entered into a sale contract in relation to the 100MW flat uniaxial tracking mounting brackets of Phase I Project and the 100MW flat uniaxial tracking mounting brackets of Phase II Project in Kangbao Ranch Regeneration and Renewable Energy Demonstration Base

(11) In August 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a supplementary contract in relation to Jiuquan mounting bracket photovoltaic project

BUSINESS REVIEW AND FUTURE PROSPECTS (CONTINUED)

Renewable Energy Business (continued)

Signing of new contracts (continued)

(12) In August 2020, Tonking New Energy (Jiangshan) and Ningxia Baofeng Energy Group Limited*（寧夏寶豐能源集團股份有限公司）entered into the general contract in relation to engineering design, purchase and installment of the 60MWP photovoltaic mounting bracket in solar energy electrolysis water hydrogen energy storage demonstration project

(13) In September 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the photovoltaic brackets for the Dali Chiguang New Energy 100MW photovoltaic power generation project of Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）

(14) In September 2020, Tonking New Energy (Jiangshan) and Xi'an Longji Clean Energy Company Limited*（西安隆基清潔能源有限公司）entered into a sale and purchase contract in relation to the flat uniaxial tracking mounting brackets power station products of Lot 2020-3# in Hainan Prefecture, Longji

(15) In September 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the photovoltaic brackets for Wutumeiren 200MW bidding project of Three Gorges Renewables Geermu Green Energy Power Generation Company Limited*（三峽新能源格爾木綠能新能源發電有限公司）in Haixi Prefecture of Sungrow Power Supply

(16) In September 2020, Tonking New Energy (Jiangshan) and 株式會社コスモスエナジー entered into a contract in relation to the 298.62kW flat uniaxial brackets system project of the 1.50MW photovoltaic project in Igadani, Hyogo Prefecture, Japan

(17) In September 2020, Tonking New Energy (Jiangshan) and Jiangshan City Tanshi Town Shangwang Village Stock Economic Cooperative*（江山市壇石鎮上王村股份經濟合作社）entered into a non-government procurement contract in relation to the 352KWP ground decentralized photovoltaic poverty alleviation project in Shangwang Village, Tanshi Town, Jiangshan City

(18) In October 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the photovoltaic brackets for the 4.1552MW photovoltaic project phase II in Tushan Town, Laizhou City

(19) In November 2020, Tonking New Energy (Jiangshan) and Nanjing NARI Solar Energy Technology Co., Ltd*（南京南瑞太陽能科技有限公司）entered into a procurement contract in relation to rooftop photovoltaic brackets for the Nanrui Chabei project

BUSINESS REVIEW AND FUTURE PROSPECTS (CONTINUED)

Renewable Energy Business (continued)

Signing of new contracts (continued)

(20) In December 2020, Tonking New Energy (Jiangshan) and Xi'an Longji Clean Energy Company Limited*（西安隆基清潔能源有限公司）entered into a sale and purchase contract in relation to the power station products

(21) In December 2020, Tonking New Energy (Jiangshan) and China Energy Construction Group Shanxi Electric Power Construction No. 3 Co., Ltd. *（中國能源建設集團山西電力建設第三有限公司）entered into a subcontract in relation to the construction and installation of the elevating and renovating buildings for the 50MW photovoltaic power station in Zhoushang Village, Wanger Town, Yanshan County

(22) In December 2020, Tonking New Energy (Jiangshan) and Guangxi Jiangong Huaying Industry Co., Ltd*（廣西建工華盈實業有限公司）entered into a purchase and sale contract in relation to the 42MW floating bracket system

(23) In December 2020, Tonking New Energy (Jiangshan) and Zhejiang Hengchang Industrial Group Co. Ltd.*（浙江恒昌實業集團有限公司）entered into a contract in relation to the 1188KW Hengchang rooftop project.

(24) In February 2021, Tonking New Energy (Jiangshan) and Shanghai Baoye Group Corp., Ltd.*（上海寶冶集團有限公司）entered into a contract in relation to the 40.02656MW Baoye Shayang project.

(25) In February 2021, Tonking New Energy (Jiangshan) and SPIC Jiangxi Power Engineering Co., Ltd. Guixi Branch*（國家電投集團江西電力工程有限公司貴溪分公司）entered into a contract in relation to the 80MW Qianshan Fengchan Reservoir project.

(26) In March 2021, Tonking New Energy (Jiangshan) and SPIC Materials and Equipment Branch*（國家電力投資集團有限公司物資裝備分公司）entered into a contract in relation to the 90MW Gongqing Phase III project.

With the rapid development of the industry and the advent of the era of parity, the photovoltaic field has entered a stage of development that emphasizes safety and stability. At the same time, as land resources are increasingly scarce, the efficient use of land resources has also become the development direction of the industry. The Group is committed to promoting the healthy development of the photovoltaic industry, with the development direction of improving product performance, reducing the cost of electricity, and advancing grid parity.

BUSINESS REVIEW AND FUTURE PROSPECTS (CONTINUED)

Renewable Energy Business (continued)

Technological innovation has become the only way for domestic PV enterprises. In order to stabilize the Company market share in bracket products and maintain the market competitiveness of the products, Tonking New Energy, as an innovator and leader in the field of photovoltaic brackets, has developed a multi-point linkage bracket system with safety and stability as the breakthrough point through professional calculation software such as PVsyst, Ansys and Sap2000 and finite element analysis, while continuously improving its technology and advancement. Based on the original technology, the system has been technically upgraded in terms of the core transmission system, which has adopted a torque transmission system that can adapt to the complex environment and terrain instead of the original push rod transmission system. And it has carried out a modular design for the entire bracket system, with each module designed with a stable self-locking mechanism, which has further upgraded the safety performance of the bracket products.

In order to improve the utilization rate of land resources, the Group has sorted out and integrated various technical points of the bracket system through technical means such as wind tunnel tests, software simulations and theoretical calculations, and analyzed various forms of brackets in the industry. After in-depth analysis and comparison of original needs, a herringbone bracket system with high land utilization has been developed. The bracket products have broken the inherent design thinking and used structural advantages, which have not only greatly reduced the impact of external loads on the brackets, but also enabled comprehensive design based on the project's geography, climate and other factors to meet the project needs to the greatest extent.

With the continuous reduction of high-quality project resources, it has become a new objective demand to solve the box-type transformer platform of surface power station. Therefore, the Group integrated resources, aggregated superior strength, combined with customers' needs and suggestions, and developed a floating water tank transformer installation platform with double buoyancy protection on the premise of safety and stability. The floating water surface box-type transformer installation platform adopts a sealed floating box with solid filling to provide double buoyancy protection; by simulating the ship's stability, the platform structure is optimized to make it have the ability of resisting wind and wave capsizing.

With the advancement of photovoltaic projects, fresh water surface resources are rapidly consumed, and the sea area with better offshore conditions has become the new focus of surface photovoltaic projects. In quick response to the market demand, the Group has made great efforts to develop floating photovoltaic brackets on the sea surface, and adopted a combination of new stainless steel materials resistant to complex seawater environment and new material painting and anticorrosion technology to create floating photovoltaic brackets suitable for the sea surface environment.

According to the different needs of market customers, the Group has comprehensively upgraded the technology of existing bracket products, and developed a full series of tracking control systems with various installation modes, power intake modes and communication modes. At the same time, aiming at the fixed adjustable bracket system, a tool-based and intelligent detachable adjustment system is designed, which can further save the bracket cost and reduce the labor cost on operation and maintenance.

The proposal of the targets of hitting peak carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, forecasts the arrival of the new energy era with solar photovoltaic power generation as the main driving force. While constantly innovating, Tonking New Energy strives to bring the most visible benefits and the most decent services to users. The Company has been adhering to the core values of "with Tonking New Energy, we creating and sharing together" and the vision "becoming an enterprise with global influence in the field of light energy", and is committed to building green ecological intelligent photovoltaic power stations in the world, so that human beings can fully enjoy light energy!

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2021, the Group recorded revenue of approximately HK$190,854,000, representing a decrease of approximately 33% compared with approximately HK$284,887,000 of the corresponding period in 2020.

Contract costs

The contract costs for the year ended 31 March 2021 was approximately HK$174,428,000 (2020: approximately HK$245,191,000). 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 decreased by approximately 34% to approximately HK$8,930,000 for the year ended 31 March 2021 (2020: approximately HK$13,611,000).

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 15% to approximately HK$4,103,000 for the year ended 31 March 2021 (2020: approximately HK$4,836,000).

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2021 amounted to approximately HK$83,000 (2020: approximately HK$87,000), representing a decrease of approximately 5% as compared to the corresponding period in 2020.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately 17% to approximately HK$14,402,000 for the year ended 31 March 2021 from approximately HK$17,349,000 for the corresponding period in 2020. The decrease was mainly due to the implementation of more cost savings measures during the year.

Net loss/profit

For the year ended 31 March 2021, the Group recorded a loss attributable to owners of the Company of approximately HK$8,630,000 (for the year ended 31 March 2020: a profit of approximately HK$6,329,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2021, the total number of issued shares of the Company is 818,000,000.

As at 31 March 2021, the share capital and equity attributable to owners of the Company amounted to HK$8,180,000 and approximately HK$213,318,000 respectively (2020: HK$8,180,000 and approximately HK$201,637,000 respectively).

Cash position

As at 31 March 2021, the cash and cash equivalents of the Group amounted to approximately HK$24,428,000 (2020: approximately HK$118,214,000), representing a decrease of approximately 79% as compared to that as at 31 March 2020.

Bank borrowings

During the year, the Group has borrowed short-term bank loans amounted to approximately HK$28,233,000 which bear effective interest rates of 5.5% per annum.

Gearing ratio

As at 31 March 2021, the gearing ratio of the Group was approximately 16% (2020: approximately 25%). 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 and tax payable.

Exchange rate exposure

The Group is principally engaged in the renewable energy business in the PRC. 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

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 2021.

Contingent Liabilities

As at 31 March 2021, the Group had no material contingent liabilities (2020: nil).

Capital Commitment

As at 31 March 2021, the Group had no material capital commitments (2021: nil).

Employees and Emolument Policies

The Group had 97 employees (including Directors) as at 31 March 2021 (2020: 93 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 the renewable energy 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 contract assets, 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 2021 will be published on the respective websites of the Stock Exchange and the Company on or before 30 September 2021.

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 2021, 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.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 March 2021 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 2021, 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 2021.

COMPETING BUSINESS

For the year ended 31 March 2021, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

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 2021, 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 2021, 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 2021 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 2021, 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 2021.

AUDIT COMMITTEE

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 2021.

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 March 2021 have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2021. 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 at 11:00 a.m. on 18 August 2021 (Wednesday) at No. 17 Kaiyuan Road, Shanhai Collaboration Park, Jiangshan City, Zhejiang Province, China.

For determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 13 August 2021 (Friday) to 18 August 2021 (Wednesday), 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 12 August 2021 (Thursday).

PUBLICATION OF 2021 ANNUAL REPORT

The 2021 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 and auditors for their support during 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, 25 June 2021

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

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).