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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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 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.

FINANCIAL HIGHLIGHTS

- Revenue for the three months ended 30 June 2021 increased by approximately 220% to approximately HK\$119,208,000 (2020: approximately HK\$37,298,000).
- Profit attributable to owners of the Company for the three months ended 30 June 2021 amounted to approximately HK\$6,220,000 (2020: profit attributable to owners of the Company of approximately HK\$2,227,000).
- Basic and diluted earnings per share attributable to ordinary equity holders of the Company for the three months ended 30 June 2021 was approximately HK\$0.0076 (2020: basic and diluted earnings per share of approximately HK\$0.0027).
- The Board does not recommend the payment of dividend for the three months ended 30 June 2021 (2020: nil).

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the “Group”) for the three months ended 30 June 2021, together with the unaudited comparative figures for the respective corresponding periods in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

		Three months ended 30 June	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	119,208	37,298
Contact costs and cost of sales	4	(109,982)	(30,890)
Gross profit		9,226	6,408
Other income	3	4,173	2,023
Administrative and other operating expenses		(6,420)	(4,401)
Finance cost		(760)	(441)
PROFIT BEFORE TAX	4	6,219	3,589
Income tax credit/(expense)	5	358	(843)
PROFIT FOR THE PERIOD		6,577	2,746
Attributable to:			
Owners of the Company		6,220	2,227
Non-controlling interests		357	519
		6,577	2,746
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	6	0.76	0.27

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	6,577	2,746
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>3,641</u>	<u>(4,974)</u>
Other comprehensive income/(expense), net of tax	<u>3,641</u>	<u>(4,974)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	<u>10,218</u>	<u>(2,228)</u>
Attributable to:		
Owners of the Company	9,564	(2,747)
Non-controlling interests	<u>654</u>	<u>519</u>
	<u>10,218</u>	<u>(2,228)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Issued capital	Share premium	Statutory reserves	Exchange fluctuation reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (audited)	8,180	71,725	11,101	2,869	119,443	213,318	22,671	235,989
Profit for the period	-	-	-	-	6,220	6,220	357	6,577
Other comprehensive income for the period	-	-	-	3,344	-	3,344	297	3,641
Total comprehensive income for the period	-	-	-	3,344	6,220	9,564	654	10,218
Transfer to statutory reserves	-	-	15	-	(15)	-	-	-
At 30 June 2021 (unaudited)	8,180	71,725	11,116	6,213	125,648	222,882	23,325	246,207
At 1 April 2020 (audited)	8,180	71,725	9,914	(17,442)	129,260	201,637	20,150	221,787
Profit for the period	-	-	-	-	2,227	2,227	519	2,746
Other comprehensive income for the period	-	-	-	(4,974)	-	(4,974)	-	(4,974)
Total comprehensive income for the period	-	-	-	(4,974)	2,227	(2,747)	519	(2,228)
At 30 June 2020 (unaudited)	8,180	71,725	9,914	(22,416)	131,487	198,890	20,669	219,559

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

1. GENERAL INFORMATION

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 the GEM of the Stock Exchange with effect from 21 November 2013. The address of its 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, Kowloon, Hong Kong.

During the three months ended 30 June 2021, the Group is principally engaged in 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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2021 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2021, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2021. The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements included in the annual report of the Company dated 25 June 2021.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2021 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2021.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2021 have been prepared under the historical cost convention.

3. REVENUE AND OTHER INCOME

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Construction contracts	119,208	37,298
	<u>119,208</u>	<u>37,298</u>
Other income		
Interest income	17	107
Others	4,156	1,916
	<u>4,173</u>	<u>2,023</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	221	225
Depreciation	625	653
Contract costs:		
Cost of construction material and supplies	98,537	29,045
Subcontracting charges and labour costs	8,924	1,337
Transportation	358	70
Machine and vehicle rental	1,519	189
Other expenses	644	249
	<u>109,982</u>	<u>30,890</u>
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	1,174	1,565
Retirement benefits scheme contributions	168	7
	<u>1,342</u>	<u>1,572</u>
Exchange differences, net	<u>11</u>	<u>6</u>

5. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax — Hong Kong		
— charge for the period	—	—
Current tax — PRC		
— credit/(charge) for the period	358	(843)
	<u>358</u>	<u>(843)</u>

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the three months ended 30 June 2021 and 2020.

PRC

The PRC Enterprise Income Tax (the “PRC EIT”) is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards.

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

For the three months ended 30 June 2021, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated earnings attributable to owners of the Company of approximately HK\$6,220,000 and (ii) the weighted average number of ordinary shares 818,000,000 in issue.

For the three months ended 30 June 2020, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated earnings attributable to owners of the Company of approximately HK\$2,227,000 and (ii) the weighted average number of ordinary shares 818,000,000 in issue.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three months ended 30 June 2021 and 2020.

7. DIVIDENDS

No dividend has been paid or declared by the Company for the three months ended 30 June 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 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 holding company, 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\$119,208,000 (2020 corresponding period: HK\$37,298,000), 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 the Group was 108.83MW.

During the reporting period, new contracts were signed:

- (1) On 15 April 2021, 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 project in relation to the 200MW photovoltaic power generation in Binggou, Xingqing District, Yinchuan City
- (2) On 15 April 2021, Tonking New Energy (Jiangshan) and Xi'an Longji Green Energy Photovoltaic Engineering Company Limited* (西安隆基綠能光伏工程有限公司) entered into a project in relation to the photovoltaic power generation in Hailuo, Jining
- (3) On 11 May 2021, Tonking New Energy (Jiangshan) and Daqing Huanghe Guangchu Demonstration Research Co., Ltd.* (大慶黃和光儲實證研究有限公司) entered into a Daqing Base Program
- (4) On 3 June 2021, Tonking New Energy (Jiangshan) and China Datang Group Technology Engineering Co., Ltd.* (中國大唐集團科技工程有限公司) entered into a Datang Huayin Program

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.

* For identification purpose only

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, 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 three months ended 30 June 2021, the Group recorded revenue of approximately HK\$119,208,000 (2020: approximately HK\$37,298,000), representing an increase of approximately 220% compared with the three months ended 30 June 2020.

Contract Costs

The contract costs for the three months ended 30 June 2021 was approximately HK\$109,982,000 (2020: HK\$30,890,000). The costs were derived from the renewable energy business which was mainly attributable to the cost of construction materials and supplies, subcontracting charges and labour costs, transportation, machine and vehicle rental and other expenses.

Total administrative and other operating expenses

Total administrative and other operating expenses increased by approximately 46% to approximately HK\$6,420,000 for the three months ended 30 June 2021 from approximately HK\$4,401,000 for the corresponding period in 2020. Of which:

Staff costs

The staff costs decreased by approximately 1% to approximately HK\$1,843,000 for the three months ended 30 June 2021 (2020: approximately HK\$1,857,000).

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 17% to approximately HK\$846,000 for the three months ended 30 June 2021 (2020: approximately HK\$1,023,000).

Finance costs

Finance costs amounted to approximately HK\$760,000 for the three months ended 30 June 2021 (2020: HK\$441,000).

Profit for the period

The Group recorded profit attributable to owners of the Company of approximately HK\$6,220,000 (2020: profit of approximately HK\$2,227,000).

Liquidity, Financial and Capital Resources

Capital structure

As at 30 June 2021, the share capital and equity attributable to owners of the Company amounted to HK\$8,180,000 and approximately HK\$222,882,000 respectively (2020: HK\$8,180,000 and approximately HK\$198,890,000 respectively).

Cash position

As at 30 June 2021, the cash and cash equivalents of the Group amounted to approximately HK\$97,788,000 (2020: approximately HK\$77,658,000), representing an increase of approximately 26% as compared to that as at 30 June 2020.

Borrowing

As at 30 June 2021, borrowing of the Group amounted to approximately HK\$28,602,000 (2020: HK\$26,056,000).

During the period, the Group has borrowed a short-term bank loan amounted to approximately HK\$28,602,000 which bear interest rate of 5.5% per annum.

Gearing ratio

As at 30 June 2021, the gearing ratio of the Group was approximately 10% (2020: approximately 14%). The gearing ratio is calculated based on the total debt at the end of the period divided by the total debt plus total equity at the end of the respective period. Total debt represents all liabilities excluding trade payables, bills payable, other payables and accruals, receive in advance, tax payable and provision for reinstatement costs.

CORPORATE GOVERNANCE CODE

During the three months ended 30 June 2021, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.2.1 as described below.

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.

COMPETING BUSINESS

For the three months ended 30 June 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the three months ended 30 June 2021.

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 30 June 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 (<i>note</i>)	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 30 June 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 30 June 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 30 June 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.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the "Share Option Scheme") on 2 November 2013.

Since the adoption of the Share Option Scheme up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the three months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 for the three months ended 30 June 2021.

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 primary duties of the audit committee are (i) to review the financial systems of the Group; (ii) to review the accounting policy, financial position and financial reporting procedures of the Group; (iii) to communicate with external auditors; (iv) to assess the performance of internal financial and audit personnel; and (v) to assess the internal controls of the Group. The audit committee has reviewed the unaudited condensed consolidated financial statements and the results of the Group for the three months ended 30 June 2021 and this announcement, and considered that the results and this announcement have been prepared in accordance with the applicable accounting standards and requirements.

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, 12 August 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 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).