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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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 2023, together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	688,965	240,524
Costs of sales		(616,789)	(196,124)
Gross profit		72,176	44,400
Other income and gains, net	4	1,892	3,300
Provision for credit loss allowances on trade receivables, net		(468)	(7,958)
Provision for credit loss allowances on other receivables		(1,323)	(734)
Provision for credit loss allowances on contract assets		(1,682)	(104)
Administrative and other operating expenses		(29,381)	(30,774)
Finance costs	5	(3,945)	(3,187)
Profit before income tax	6	37,269	4,943
Income tax (expense)/credit	7	(8,219)	1,627
Profit for the year		29,050	6,570
Other comprehensive (loss)/income <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(22,479)	11,727
Other comprehensive (loss)/income for the year, net of income tax		(22,479)	11,727
Total comprehensive income for the year		6,571	18,297

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year attributable to:		
Owners of the Company	27,633	5,497
Non-controlling interests	1,417	1,073
	<u>29,050</u>	<u>6,570</u>
Total comprehensive income/(loss)		
for the year attributable to:		
Owners of the Company	6,808	16,310
Non-controlling interests	(237)	1,987
	<u>6,571</u>	<u>18,297</u>
Earnings per share attributable to the		
owners of the Company		
– Basic and diluted (<i>HK cents</i>)	<i>9</i> <u>3.38</u>	<u>0.67</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		33,734	38,328
Right-of-use assets		4,875	5,745
Intangible assets		3,775	4,960
Deferred tax assets		3,057	2,367
		<u>45,441</u>	<u>51,400</u>
Current assets			
Inventories		16,893	13,796
Trade and bills receivables	10	184,696	208,380
Prepayments, deposits and other receivables		72,556	68,662
Contract assets		126,672	37,848
Amounts due from related parties		594	284
Restricted bank deposits		14,614	8,237
Cash and cash equivalents		54,617	34,582
		<u>470,642</u>	<u>371,789</u>
Current liabilities			
Trade and bills payables	11	121,522	53,029
Other payables and accruals		11,717	13,401
Matured promissory note		46,104	44,664
Contract liabilities		14,635	5,259
Amounts due to related parties		11,180	11,010
Bank borrowings		50,072	40,761
Lease liabilities		32	33
Tax payable		2,789	848
		<u>258,051</u>	<u>169,005</u>
Net current assets		<u>212,591</u>	<u>202,784</u>
Total assets less current liabilities		<u>258,032</u>	<u>254,184</u>

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>2,122</u>	<u>2,328</u>
Net assets		<u>255,910</u>	<u>251,856</u>
Equity			
Share capital	<i>12</i>	8,180	8,180
Reserves		<u>228,256</u>	<u>221,448</u>
Equity attributable to the owners of the Company		236,436	229,628
Non-controlling interests		<u>19,474</u>	<u>22,228</u>
Total equity		<u>255,910</u>	<u>251,856</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Tonking New Energy Group Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2013 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, the Cayman Islands. The address of its principal place of business was changed from Room 1302, 13th Floor, Chevalier House, 45-51 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong to Room 701, 7th Floor, Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon, Hong Kong with effect from 30 September 2022.

The Company is an investment holding company. Its operating subsidiaries are engaged in renewable energy business in the People’s Republic of China (the “PRC”). The Company and its subsidiaries are collectively referred to as the “Group”.

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing Securities on GEM of Stock Exchange (the “GEM Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis, except for the bills receivables at fair value through other comprehensive income which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated. Certain comparative figures have been reclassified in order to conform with current year’s presentation.

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Application of amendments to HKFRSs effective from 1 April 2022

In the preparation of the consolidated financial statements for the year ended 31 March 2023, the Group has applied the following amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020 cycle</i>

In addition, the Group has adopted the Amendments to AG5 (Revised) – Merge Accounting for Common Control Combination.

The application of the amendments to HKFRSs and AG5 in the current year has had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SEGMENT INFORMATION AND REVENUE

For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable operating segment which is the renewable energy business segment. The renewable energy business segment engages in (i) provision of one-stop value added solution for photovoltaic power stations (EPC, maintenance and support, and testing); (ii) sales of the patented photovoltaic tracking mounting bracket systems; and (iii) sales of electricity. The executive directors of the Company review the profit for the year of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

The Group's revenue from external customers was derived solely from its operations in the PRC and all 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 revenue of the Group are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	N/A ¹	51,097
Customer B	N/A ¹	35,432
Customer C	N/A ¹	34,962
Customer D	N/A ¹	29,581
Customer E	243,531	N/A ¹
Customer F	77,924	N/A ¹
Customer G	70,181	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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers		
Provision of one-stop value added solution for photovoltaic power stations	397,104	39,062
Sales of the patented photovoltaic tracking mounting bracket systems	283,586	193,544
Sales of electricity	8,275	7,918
	<u>688,965</u>	<u>240,524</u>

4. OTHER INCOME AND GAINS, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government subsidies (<i>Note</i>)	1,118	2,190
Investment income from wealth management products	–	528
Bank interest income	728	224
Gain on disposal of property, plant and equipment	2	47
Others	44	311
	<u>1,892</u>	<u>3,300</u>

Note: During the years ended the 31 March 2023 and 2022, the Group received the government subsidies in regarding to encourage renewable energy business development in the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies for both years.

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expense on bank borrowings	2,376	1,609
Interest expense on promissory note	1,440	1,440
Interest expense on lease liabilities	129	138
	<u>3,945</u>	<u>3,187</u>

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' remuneration	2,067	2,273
Other staff costs		
– Salaries, wages, fees and other benefits	15,512	9,191
– Retirement benefit scheme contributions	2,151	1,435
	<u>17,663</u>	<u>10,626</u>
Auditor's remuneration	700	700
Amortisation of intangible assets	817	891
Depreciation of:		
– Property, plant and equipment	2,740	2,885
– Right-of-use assets	441	468
Short-term leases expenses		
– Premises	9	18
– Machinery, motor vehicles and other equipment	2,253	2,533
Cost of inventories sold recognised as expenses	244,138	169,530
Cost of materials used for construction contracts	223,666	5,749
Sub-contracting fees included in costs of sales	132,527	15,824
Research and development expenditure	6,832	10,915
Provision for credit loss allowances on trade receivables, net	468	7,958
Provision for credit loss allowances on other receivables	1,323	734
Provision for credit loss allowances on contract assets	1,682	104
Gain on disposal of property, plant and equipment	(2)	(47)
Foreign exchange differences, net	45	48

7. INCOME TAX EXPENSE/(CREDIT)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The PRC Enterprise Income Tax		
– Current year	8,896	1,445
– Under/(over)-provision in prior year	190	(744)
Deferred tax	<u>(867)</u>	<u>(2,328)</u>
	<u>8,219</u>	<u>(1,627)</u>

8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been declared or proposed since the end of the reporting period (2022: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2023	2022
Profit		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share (<i>in HK\$'000</i>)	<u>27,633</u>	<u>5,497</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>818,000,000</u>	<u>818,000,000</u>

There were no potential ordinary shares in issue for the year ended 31 March 2023 (2022: Nil).

10. TRADE AND BILLS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, gross	176,054	200,200
Less: Provision for credit loss allowances on trade receivables	<u>(9,228)</u>	<u>(9,466)</u>
Trade receivables, net	166,826	190,734
Bills receivables	<u>17,870</u>	<u>17,646</u>
Total trade and bills receivables, net	<u>184,696</u>	<u>208,380</u>

The Group granted credit periods from 30 to 90 days (2022: 30 to 90 days) to customers for sales of the patented photovoltaic tracking mounting bracket systems and provision of one-stop value added solution for photovoltaic power stations, while no credit period was granted to the stated-owned grid companies in relation to sales of electricity (2022: Nil). The Group does not hold any collateral in relation to these receivables.

Included in the Group's trade receivables were tariff subsidy receivables amounting to approximately Renminbi ("RMB") 11,948,000 (equivalent to approximately HK\$13,659,000) (2022: RMB23,400,000 (equivalent to approximately HK\$28,903,000)) which represented the government subsidies on renewable energy projects to be received from the stated-owned grid companies. The tariff subsidy receivables will be settled upon the Ministry of Finance's (the "MoF") allocation of the national renewable energy fund to the state-owned grid companies. The MoF does not set out a rigid timetable for the settlement of tariff subsidy receivables. In the opinion of the directors, given the collection of tariff subsidy receivables is well supported by the government policy, all tariff subsidy receivables were expected to be fully recoverable. As the collection of tariff subsidy receivables is expected in the normal operating cycle, they are classified as current assets. The Group received tariff subsidy of RMB14,525,000 (equivalent to approximately HK\$16,605,000) during the year ended 31 March 2023 (2022: RMB2,949,000 (equivalent to approximately HK\$3,643,000)).

Included in trade receivables is an amount of approximately HK\$37,783,000 (2022: HK\$72,742,000), which was unbilled and has been classified under '0-30 days' in the below ageing analysis. The ageing analysis of trade and bills receivables, net of provision for credit loss allowances, by invoice date at year end is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	51,242	91,970
31-90 days	43,211	15,854
91-180 days	60,162	25,721
181-365 days	18,365	43,512
Over 365 days	11,716	31,323
	<u>184,696</u>	<u>208,380</u>

11. TRADE AND BILLS PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	105,965	34,821
Bills payables	15,557	18,208
	<u>121,522</u>	<u>53,029</u>

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	50,497	15,267
31-90 days	55,133	14,687
91-180 days	11,666	5,104
181-365 days	1,383	15,960
Over 365 days	2,843	2,011
	<u>121,522</u>	<u>53,029</u>

The trade payables are non-interest-bearing and generally have payment terms of 30 to 90 days (2022: 30 to 90 days).

12. SHARE CAPITAL

	Number of ordinary share	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>818,000,000</u>	<u>8,180</u>

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 testing) for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems.

As of 31 March 2023, Tonking New Energy Technology (Shanghai) Limited* (同景新能源科技(上海)有限公司) has 2 wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited* (同景新能源科技(江山)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 1 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\$688,965,000 (2022: approximately HK\$240,524,000), 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 1,167.77MW.

During the reporting period, new contracts were signed:

- (1) In April 2022, Tonking New Energy (Jiangshan) Limited and China Datang Group Technology Engineering Co., Ltd.* (中國大唐集團科技工程有限公司) entered into the Photovoltaic Power Generation Project in Datang Huaibei Wugou Coal Mining Subsidence Area
- (2) In April 2022, Tonking New Energy (Jiangshan) Limited and Baiyun Mingde (Beijing) International Engineering Management Co., Ltd.* (白雲明德(北京)國際工程管理有限公司) entered into the Kangbao Mounting Bracket Project (supplemental order)
- (3) In May 2022, Tonking New Energy (Jiangshan) Limited and China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd.* (中國能源建設集團天津電力建設有限公司) entered into the Ningdu Photovoltaic Project at the Jiangxi Electric Power Fenyi Power Plant
- (4) In May 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the 100MW Photovoltaic Power Generation Project in Nachen Town, Liangqing District, Guangxi
- (5) In May 2022, Tonking New Energy (Jiangshan) Limited and Zhonghe Huatai Construction Co., Ltd.* (中核華泰建設有限公司) entered into the Fishery and Photovoltaic Complementary Photovoltaic Power Generation Project in Qibu Town, Wanning County

- (6) In May 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Electric Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Rooftop Project in relation to Qibang Door Industry (旗邦門業)
- (7) In June 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Photovoltaic Power Generation Project in Nachen Town, Liangqing District, Guangxi (supplemental order)
- (8) In June 2022, Tonking New Energy (Jiangshan) Limited and Gansu Yanwei New Energy Co., Ltd.* (甘肅顏偉新能源有限公司) entered into the Intelligent Agricultural and Photovoltaic Complementary Photovoltaic Power Generation Project in Ganzhou District
- (9) In June 2022, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the Sungrow New Energy Tracking Bracket Project in Xuancheng
- (10) In June 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Rooftop Phase II Project of Kaiyang Wood
- (11) In June 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Jinkai Technology Distributed Photovoltaic Project in Jiangshan, Quzhou City
- (12) In June 2022, Tonking New Energy (Jiangshan) Limited and Kaihua Dianyou Electrical Engineering Co., Ltd.* (開化電友電氣工程有限公司) entered into the Rooftop Distributed Photovoltaic Power Generation Project of Zhejiang Jingma Machinery Co., Ltd.* (浙江精瑪機械有限公司) in Kaihua County, Quzhou City
- (13) In June 2022, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the Fishery and Photovoltaic Complementary Project in Donjin Village, Huzhen Town, Longyou County
- (14) In June 2022, Tonking New Energy (Jiangshan) Limited and China Resources Wind Power (Guangshui) Co., Ltd.* (華潤風電(廣水)有限公司) entered into the Photovoltaic Site Construction for the Phase I Photovoltaic Project of Wind and Solar Power Storage Integration of China Resources in Xiaochang
- (15) In September 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Baiji 50MW Mounting Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.

- (16) In September 2022, Tonking New Energy (Jiangshan) Limited and the Joint-stock Economic Cooperative of Shangxi Village, Tanshi Town, Jiangshan City, Zhejiang Province* (浙江省江山市壇石鎮上溪村股份經濟合作社) entered into the Photovoltaic Project in Shangxi Village, Tanshi Town, Jiangshan City
- (17) In September 2022, Tonking New Energy (Jiangshan) Limited and Zhejiang Hengchang Industrial Group Co. Ltd.* (浙江恒昌實業集團有限公司) entered into the Hengchang 1188KW Rooftop Project
- (18) In September 2022, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the Power Station Project in Huzhen Town, Longyou County
- (19) In October 2022, Tonking New Energy (Shanghai) Limited and Huanghe Xinye Co., Ltd.* (黃河鑫業有限公司) entered into the Shandan Phase I Bracket Sales Project
- (20) In October 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the New Baiji Mounting Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd. (for special terrain)
- (21) In October 2022, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the 7 MW Fishery and Photovoltaic Complementary Project in Tongcun Village, Huzhen Town, Longyou County
- (22) In November 2022, Tonking New Energy (Jiangshan) Limited 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 the Dongfeng Liuzhou Motor Carport Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd. in Liuzhou
- (23) In November 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Jiangneng Photovoltaic Technology Co., Ltd.* (江山市江能光伏科技有限公司) entered into the Multiple-packaging Rooftop Project of 0.25MW Photovoltaic Power Generation in Zhejiang
- (24) In December 2022, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the 100MW Project of Diyang Yangxian Township in Xuancheng
- (25) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangsu SUMEC Electricity Co., Ltd.* (江蘇蘇美達電力運營有限公司) entered into the 100Mwp Photovoltaic Project of Solar Power Storage Integration in Xinyu

- (26) In December 2022, Tonking New Energy (Shanghai) Limited and Jiangsu SUMEC Electricity Co., Ltd.* (江蘇蘇美達電力運營有限公司) entered into the Supplemental 100Mwp Photovoltaic Project of Solar Power Storage Integration in Xinyu
- (27) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangxi Ruisen Electric Power Construction Co., Ltd.* (江西省瑞森電力建設有限公司) entered into the EPC Installation and Construction Project in relation to the Jiangxi Longyuan New Energy Photovoltaic Power Generation Project in Shangyou County, Jiangxi Province
- (28) In December 2022, Tonking New Energy (Jiangshan) Limited and Jingdezhen Shengjie Power Construction Co., Ltd.* (景德鎮聖傑電力建設有限公司) entered into the Carport 491.7kw Decentralized Photovoltaic Power Generation Project in Leping, Jiangxi Province
- (29) In December 2022, Tonking New Energy (Jiangshan) Limited and Jingdezhen Shengjie Power Construction Co., Ltd.* (景德鎮聖傑電力建設有限公司) entered into the Rooftop Decentralized Photovoltaic Power Generation Project of Guoneng New Energy Industry Co., Ltd. Yugan Branch* (國能新能源產業有限公司余幹分公司) in Leping
- (30) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Electric Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Kaiyang Phase III and II Project
- (31) In February 2023, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Baiji 30MW Mounting Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.
- (32) In February 2023, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Baiji 7680 Preburied Sleeve Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.
- (33) In February 2023, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Liangqing 200 Mounting Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.
- (34) In February 2023, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the 100MW Project of Diyang Yangxian Township in Xuancheng (Phase II)

- (35) In February 2023, Tonking New Energy (Jiangshan) Limited and Yang Solar Pte. Ltd. entered into the Singapore SAF Yacht Club Project
- (36) In February 2023, Tonking New Energy (Jiangshan) Limited and Yang Solar Pte. Ltd. entered into the Rooftop Distributed Photovoltaic Project for Warehouses of Fuhua in Singapore
- (37) In March 2023, Tonking New Energy (Jiangshan) Limited and Jiangsu Beiwei Power Equipment Co., Ltd.* (江蘇北緯電力設備有限公司) entered into the 51,200 kW Photovoltaic Project of New Energy Rural Revitalization in Jiaohe
- (38) In March 2023, Tonking New Energy (Jiangshan) Limited and Jiangxi Yanmin Trading Co., Ltd.* (江西省彥旻貿易有限公司) entered into the 100MW Agriculture (Forestry) and Photovoltaic Complementary Photovoltaic Power Generation Project of SPIC in Hanfang Town, Ganxian District
- (39) In March 2023, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the Electrical and Reinforcement Works for the Photovoltaic Power Generation Project (Phase I) of Longyou Yili Dairy Co., Ltd.* (龍游伊利乳業有限責任公司)
- (40) In March 2023, Tonking New Energy (Jiangshan) Limited and SPIC Jiangxi Electric Power Co., Ltd.* (國家電投集團江西電力有限公司) entered into the Modification Construction of Tracking System Mounting for Photovoltaic Power Plants in Longkou, Leping

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 goal 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.

Based on the accumulated advantages of providing one-stop solutions (EPC, maintenance support and testing) for photovoltaic power plants, combined with big data analysis technology, AI control technology, wireless communication technology of LOAR/Zigbee, the Group is committed to building a digital and intelligent photovoltaic tracking control platform, which enables to achieve cost-efficiency and power generation enhancement, while achieving intelligent and unmanned management of photovoltaic power plants, so as to improve the competitiveness of the Group's products.

In order to stabilize the Group's market share in bracket products and maintain the market competitiveness of the products, the Group 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 for 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. The Group has developed adaptable steel cable brackets, with the characteristics of wide-span, multi-span, high headroom, multi-scenario, high-capacity, and low steel consumption for projects in special scenarios, such as mountain areas with steep slopes, and industrial and commercial plants.

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, designed and developed a floating photovoltaic bracket on the sea surface, and studied the use of materials resistant to complex environmental conditions including weather-resistant and acid/alkali-resistant to create photovoltaic brackets that can meet the needs of the complex environment on the sea surface. At the same time, the Group has adopted a mode of module installation that can adapt to the complex conditions of the sea surface, with a view to pushing the existing photovoltaic projects towards the sea surface.

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 highest quality services to users. The Company has been adhering to the core values of "with Tonking New Energy, we create and share 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 2023, the Group recorded revenue of approximately HK\$688,965,000, representing an increase of approximately 186% compared with approximately HK\$240,524,000 of the corresponding period in 2022.

Costs of sales

The costs of sales for the year ended 31 March 2023 was approximately HK\$616,789,000 (2022: approximately HK\$196,124,000). The costs were derived from the renewable energy business which was mainly represented by the cost of materials and supplies, subcontracting charges, labour costs, transportation, machine and vehicle rental expenses and other expenses.

Total administrative and other operating expenses

Total administrative and other operating expenses decreased by approximately 5% to approximately HK\$29,381,000 for the year ended 31 March 2023 from approximately HK\$30,774,000 for the corresponding period in 2022. The decrease was mainly due to the tightening measures taken during the year.

Net profit

For the year ended 31 March 2023, the Group recorded a profit attributable to the owners of the Company of approximately HK\$27,633,000 (2022: approximately HK\$5,497,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2023, the total number of issued shares of the Company is 818,000,000.

As at 31 March 2023, the share capital and equity attributable to the owners of the Company amounted to HK\$8,180,000 and approximately HK\$236,436,000 respectively (2022: HK\$8,180,000 and approximately HK\$229,628,000 respectively).

Cash position

As at 31 March 2023, the cash and cash equivalents and restricted bank deposits of the Group amounted to approximately HK\$54,617,000 (2022: approximately HK\$34,582,000) and HK\$14,614,000 (2022: approximately HK\$8,237,000), respectively, representing an increase of approximately 62% in aggregate as compared to that as at 31 March 2022.

Bank borrowings

During the year, the Group has borrowed short-term bank loans amounted to approximately HK\$50,072,000 (2022: approximately HK\$40,761,000) which bear weighted average effective interest rates of 4.2% (2022: 5.5%) per annum.

Gearing ratio

As at 31 March 2023, the gearing ratio of the Group was approximately 30% (2022: approximately 28%). 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, contract liabilities 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 2023.

Contingent Liabilities

As at 31 March 2023, the Group had no material contingent liabilities (2022: Nil).

Capital Commitment

As at 31 March 2023, the Group had no material capital commitments (2022: Nil).

Employees and Emolument Policies

The Group had 128 employees (including Directors) as at 31 March 2023 (2022: 99 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 and bills receivables, other receivables and refundable deposits, amounts due from related parties, restricted bank deposits and cash and cash equivalents.

Interest rate risk

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

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, advances from related parties and internally generated funds. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

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 2023 is included in the annual report.

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 2023, 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 2023 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 2023, 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 C.2.1 as described below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.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 C.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 2023.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective close associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

All the independent non-executive Directors are delegated with the authority to review the non-competition confirmation given by, among others, Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong. The independent non-executive Directors were not aware of any non-compliance of the non-competition confirmation given by Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong during the year ended 31 March 2023 and up to the date of this announcement.

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 2023, 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 31 March 2023, 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 2023 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 2023, 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 2023.

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 D.3.3 and D.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 2023.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2023 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an 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 opinion or assurance conclusion has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF 2023 ANNUAL REPORT

The 2023 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, 26 June 2023

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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Listed Company Information” page of The Stock Exchange of Hong Kong Limited’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).

** For identification purpose only*