
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Tonking New Energy Group Holdings Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or to the transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.



TK NEW ENERGY

Rise Triumph Limited
振捷有限公司
*(Incorporated in the British Virgin Islands
with limited liability)*

**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)

**COMPOSITE DOCUMENT
RELATING TO
THE VOLUNTARY CONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF RISE TRIUMPH LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
TONKING NEW ENERGY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
RISE TRIUMPH LIMITED AND CERTAIN PARTIES
ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror



Astrum Capital Management Limited

Independent Financial Adviser to the Independent Board Committee



TC Capital International Limited

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Astrum Capital containing, among other things, details of the terms and conditions of the Offer is set out on pages 6 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 21 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 22 to 23 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 24 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on I-1 to I-10 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Friday, 17 May 2024, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "6. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of the overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer. The overseas Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.tonkinggroup.com.hk> as long as the Offer remains open. In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

* For identification purpose only

26 April 2024

CHARACTERISTICS OF GEM

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.

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. All references to time and date contained in this Composite Document and the Form of Acceptance refer to Hong Kong time and date.

Despatch date of this Composite Document and the
accompanying Form of Acceptance and commencement
date of the Offer (*Note 1*) Friday, 26 April 2024

Offer opens for acceptance Friday, 26 April 2024

Latest time and date for acceptance of the Offer on the
first Closing Date (*Notes 3 and 7*) by 4:00 p.m. on
Friday, 17 May 2024

First Closing Date (*Note 2, 3 and 7*) Friday, 17 May 2024

Announcement of the results of the Offer as at the first
Closing Date, or as to whether the Offer has been extended
or become unconditional as at the first Closing Date,
on the websites of the Stock Exchange and the Company (*Note 3*) by 7:00 p.m. on
Friday, 17 May 2024

Latest date for posting of remittances for the amount due
in respect of valid acceptances received under the Offer at
or before 4:00 p.m. on the first Closing Date assuming
the Offer becomes or is declared unconditional on the first
Closing Date (*Notes 4 and 7*) Tuesday, 28 May 2024

Final Closing Date assuming the Offer becomes or is declared
unconditional on the first Closing Date (*Note 5 and 7*) Friday, 31 May 2024

*Latest time and date for acceptance of the Offer on the Final
Closing Date assuming the Offer becomes or is declared
unconditional on the first Closing Date (Notes 2, 5 and 7) by 4:00 p.m. on
Friday, 31 May 2024*

Announcement of the results of the Offer as at the final
Closing Date assuming the Offer becomes or is declared
unconditional on the first Closing Date, on the websites
of the Stock Exchange and the Company (*Note 5*) by 7:00 p.m. on
Friday, 31 May 2024

EXPECTED TIMETABLE

Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on the final Closing Date (assuming the Offer becomes or is declared unconditional on the first Closing Date (*Notes 4 & 7*) Wednesday, 12 June 2024

Latest time and date by which the Offer can become or be declared unconditional as to acceptances (*Note 6*) by 7:00 p.m. on Tuesday, 25 June 2024

Notes:

1. The Offer is open for acceptance on and from Friday, 26 April 2024, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for giving instructions to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Friday, 17 May 2024 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the Offer.
4. Subject to the Offer becoming unconditional, remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event no later than seven (7) Business Days after the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and the date on which the Offer becomes or is declared unconditional in all respects.
5. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), the Offer should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as the Offeror determines or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offer, which will state the next Closing Date or, if the Offer has become or is at that time declared unconditional, that the Offer will remain open until further notice.

EXPECTED TIMETABLE

6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the Offer has previously become unconditional as to acceptances, the Offer will lapse on Tuesday, 25 June 2024 unless extended with the consent of the Executive and in accordance with the Takeovers Code. Therefore, the last day by which the Offer can become or be declared unconditional as to acceptance is Tuesday, 25 June 2024.

7. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amount due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black rainstorm warning”, in force in Hong Kong or “extreme conditions” announced by the government of Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. Instead, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time after 12:00 noon and the posting of remittances will be next following Business Day which does not have either of those warnings in force at any time after 12:00 noon.

IMPORTANT NOTICE

NOTICE TO THE SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction in relation to the Offer (including but not limited to any taxes as such person may be required to pay, and any liabilities in relation to the withholding obligation of the Offeror according to the relevant laws and regulations in any relevant jurisdiction). Please see the section headed “6. Overseas Shareholders” in Appendix I to this Composite Document.

Based on the register of members of the Company provided by the Registrar, as at the Latest Practicable Date, there is no overseas Shareholders.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to correct or update the forward-looking statements, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“associated company(ies)”	has the meaning ascribed to it under the Takeovers Code
“Astrum Capital”	Astrum Capital Management Limited (阿仕特朗資本管理有限公司), a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, being the financial adviser to the Offeror in respect of the Offer and the offer agent to the Offeror
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date stated in this Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code and/or approved by the Executive
“Company”	Tonking New Energy Group Holdings Limited (同景新能源集團控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8326)
“Composite Document”	this composite offer and response document issued jointly by the Offeror and the Company in relation to the Offer in accordance with the Takeovers Code and the GEM Listing Rules
“Condition(s)”	the conditions of the Offer, as set out in the section headed “The Offer – Conditions of the Offer” in the “Letter from Astrum Capital” in this Composite Document

* For identification purpose only

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HKSCC Nominee”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Ms. Wang Xiaoxiong, Mr. Zhou Yuan and Mr. Shen Fuxin, being all of the independent non-executive Directors, established for the purpose of making a recommendation to the Independent Shareholders in relation to the Offer
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties
“Last Trading Day”	3 April 2024, being the last trading day immediately prior to the date of suspension of trading in the Shares on the Stock Exchange prior to the date of publication of the Rule 3.5 Announcement

DEFINITIONS

“Latest Practicable Date”	24 April 2024, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Moore”	Moore CPA Limited (previously known as Moore Stephens CPA Limited), the Company’s auditor
“Mr. Wu”	Mr. Wu Jian Nong, an executive Director, the chairman of the Board and the chief executive officer of the Company and the ultimate controlling shareholder and director of each of the Offeror and Signkey Group Limited
“Offer”	the voluntary conditional cash offer being made by Astrum Capital, for and on behalf of the Offeror, to acquire all the Offer Shares in accordance with the terms and conditions set out in this Composite Document
“Offer Consideration”	the consideration payable by the Offeror in connection with the Offer
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from the date of the Rule 3.5 Announcement (i.e. 11 April 2024) and ending at 4:00 p.m. (Hong Kong time) on the Closing Date
“Offer Price”	the price at which the Offer will be made in cash, being HK\$0.10 per Offer Share
“Offer Share(s)”	all the Shares in issue other than those Shares already owned by the Offeror and the Offeror Concert Parties
“Offeror”	Rise Triumph Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 96.0% by Mr. Wu, 3.0% by Mr. Xu Shui Sheng and 1.0% by Ms. Shen Meng Hong
“Offeror Concert Parties”	parties acting, or presumed to be acting, in concert with the Offeror, including Mr. Wu, Mr. Xu Shui Sheng, Ms. Shen Meng Hong and Signkey Group Limited

DEFINITIONS

“Positive Profit Alert Announcement”	the positive profit alert announcement of the Company dated 22 April 2024, in relation to, among other things, the estimate of the unaudited consolidated profit attributable to the Shareholders for the 11 months ended 29 February 2024
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“public”	has the meaning ascribed thereto under Rule 11.23(7) of the GEM Listing Rules (and “in public hands” shall be construed accordingly)
“Registrar”	Union Registrars Limited, the branch share registrar of the Company in Hong Kong, whose office is situated at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Relevant Period”	the period commencing from 11 October 2023, being the date falling six months preceding 11 April 2024 (being the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.5 Announcement”	the joint announcement of the Company and the Offeror dated 11 April 2024 in relation to, among others, the Offer
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code” the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

“%” per cent.

Certain amounts and percentage figures included in this Composite Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this Composite Document may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM ASTRUM CAPITAL



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

26 April 2024

To Shareholders

Dear Sir/Madam,

**THE VOLUNTARY CONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF RISE TRIUMPH LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
TONKING NEW ENERGY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
RISE TRIUMPH LIMITED AND CERTAIN PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement issued by the Company and the Offeror in relation to, among others, the Offer.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures for acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

THE OFFER

Astrum Capital will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code at the following Offer Price:

For each Offer Share HK\$0.10 in cash

LETTER FROM ASTRUM CAPITAL

If, after the date of the despatch of this Composite Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Rule 3.5 Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document).

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

The Offeror will not increase the Offer Price for the Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Further details of the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

The Offer Price

The Offer Price of HK\$0.10 per Offer Share represents:

- (a) a discount of approximately 40.8% over the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 48.5% over the closing price of HK\$0.194 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 42.4% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.174 per Share;

LETTER FROM ASTRUM CAPITAL

- (d) a discount of approximately 30.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.145 per Share;
- (e) a discount of approximately 18.5% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.123 per Share;
- (f) a discount of approximately 14.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.117 per Share;
- (g) a discount of approximately 65.4% to the audited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.289 as at 31 March 2023; and
- (h) a discount of approximately 64.8% to the unaudited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.284 as at 30 September 2023.

Highest and Lowest Share Prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.195 per Share on 12 April 2024 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.094 per Share on 11 December 2023.

Value of the Offer

As at the Latest Practicable Date, there were 818,000,000 Shares in issue, of which 586,546,000 Shares will be subject to the Offer. The Company had no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Assuming (i) that there is no change in the number of issued Shares; and (ii) full acceptance of the Offer, based on the Offer Price of HK\$0.10 per Offer Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$58,654,600.

Confirmation of financial resources

The Offeror intends to finance the Offer Consideration by its internal resources. Astrum Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer respect of the 586,546,000 Offer Shares.

LETTER FROM ASTRUM CAPITAL

Conditions of the Offer

The Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the Shares already owned or acquired or agreed to be acquired before or during the Offer, will result in the Offeror and the Offeror Concert Parties holding more than 50% (or such lower percentage as the Offeror may, subject to the Takeovers Code, decide) of the voting rights of the Company;
- (b) the Shares remaining listed and traded on GEM up to the Closing Date save for any temporary suspension(s) of trading in the Shares as a result of the Offer and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on GEM is or is likely to be withdrawn;
- (c) since the date of the Rule 3.5 Announcement, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Group;
- (d) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit the implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof; and
- (e) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)).

As at the Latest Practicable Date, the Offeror does not foresee any issue with the fulfillments of Conditions (b) to (e).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke Condition (b), (c), (d) or (e) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offer.

LETTER FROM ASTRUM CAPITAL

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer become unconditional in all respects. The Offer must also remain open for acceptance for at least 14 days after the Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

WARNING: Shareholders and potential investors should be aware that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or exercising other rights in respect of the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INFORMATION ON THE GROUP

The Company is the holding company of the Group. The Group is principally engaged in the renewable energy business in the PRC, including (i) the provision of one-stop value-added solutions (EPC, maintenance and support, and testing) for photovoltaic power stations and (ii) sale of patented photovoltaic tracking mounting bracket systems.

Your attention is drawn to the details of the information of the Group as set out under the section headed “Information on the Group” in the “Letter from the Board” and information set out in Appendices II and V to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. The Offeror is 96.0%, 3.0% and 1.0% beneficially owned by Mr. Wu, Mr. Xu Shui Sheng and Ms. Shen Meng Hong, respectively. The sole director of the Offeror is Mr. Wu.

Mr. Wu is an executive Director, the chairman of the Board and the chief executive officer of the Company. He completed the executive master of business administration course (EMBA) from Overseas Education College Shanghai Jiao Tong University (上海交通大學海外教育學院) in February 2006 and a master’s degree in business administration from Hong Kong Finance and Economics College (香港財經學院) in June 2008. He obtained the qualification of engineer from Quzhou City Leading Group for Title Reform* (衢州市職稱改革領導小組) in 1992. From December 1978 to March 1994, Mr. Wu worked as an engineer in Jiang Shan Chemical Industry General Factory* (江山化工總廠). He was the chairman of the board of directors of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from April 1994 to May 2011. Since May 2011, Mr. Wu has been the president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

* For identification purpose only

LETTER FROM ASTRUM CAPITAL

Mr. Xu Shui Sheng is an executive Director. He obtained a master's degree in business administration (MBA) from Hong Kong Finance and Economics College (香港財經學院) in June 2008. Mr. Xu obtained the qualification of engineer (with specialization in mechanical engineering) from the Human Resources and Security Bureau of Quzhou City* (衢州市人力資源和社會保障局) in August 1996. From August 1981 to September 2001, Mr. Xu had worked as the deputy workshop director (車間副主任) and equipment deputy general manager of Jiang Shan Beer Factory* (江山啤酒廠). He was the deputy general manager of the technology development department of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from September 2001 to August 2012. Since April 2014, Mr. Xu has been the deputy president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

Ms. Shen Meng Hong is an executive Director and an authorised representative of the Company. Ms. Shen obtained an MBA from the Hong Kong Finance and Economics College in 2008, and is a qualified PRC senior accountant. Since 1998, Ms. Shen was engaged in financial management in the field of the compact fluorescent lamp industry and renewable energy industry. In 2015, she was appointed as an executive Director and since then, she was involved in enterprise strategic management and risk management of the Group.

INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange.

The sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Company and the offeror do not expect any change to the composition of the Board both before and after the close of the Offer. To the best knowledge and belief to the Company and the Offeror, no Director intends to resign from the Board.

LETTER FROM ASTRUM CAPITAL

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing business of the Group. As at the Latest Practicable Date, the Offeror has not entered into, and has no plans to enter into, any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and has no intention to dispose of or reallocate the Group's fixed assets which relate to the ordinary and usual course of business, or change the scale of any of the Group's existing business. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore other business opportunities and consider whether any asset disposal, asset acquisition, fund raising, restructuring of business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

The Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

REASONS FOR THE OFFER

Mr. Wu is optimistic about the future prospect of the Group. The Offer is initiated with an aim to increase his investment in the Company via the Offeror, after which he may become a controlling shareholder of the Company owning more than 50% of its entire issued share capital. In addition, the Offeror is of the view that the trading volume of the Shares has not been satisfactory. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 652,832 Shares per trading day, representing only approximately 0.08% of the total issued Shares as at the Latest Practicable Date. The low trading liquidity of the Shares could make it difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of Shares. Therefore, the Offer provides an immediate opportunity for Independent Shareholders to realise their investments in the Shares in return for immediate cash.

ACCEPTANCES OF THE OFFER

Procedures for acceptance

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

LETTER FROM ASTRUM CAPITAL

The duly completed and signed Form of Acceptance, should be sent, together with the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, marked "Tonking New Energy Group Holdings Limited – Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given. Your attention is drawn to "Further terms and procedures of acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Close of the Offer

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or, if permissible, waived), Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the GEM Listing Rules as soon as practicable thereafter.

Effect of Accepting the Offer

Acceptance of the Offer will constitute a warranty to the Offeror by each person accepting it that the Shares acquired under the Offer and sold by such persons are fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document).

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date if the Offer has not by then become unconditional as to acceptances.

LETTER FROM ASTRUM CAPITAL

Nominee registration

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

Stamp Duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the Offer becomes, or is declared, unconditional in all respects; and (ii) the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by the Offeror (or its agent).

Taxation advice

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital nor any of its respective directors, officers, associates or advisers or any persons involved in the Offer is in a position to advise Shareholders on their own tax implications in any relevant jurisdiction. Shareholders are recommended to consult their own professional advisers as to the taxation implications in any relevant jurisdiction of accepting or rejecting the Offer.

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Registrar or any of their respective directors, officers, associates, advisers or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of the acceptance or rejection of the Offer by any Shareholder.

Compulsory acquisition

The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares not tendered for acceptance under the Offer.

LETTER FROM ASTRUM CAPITAL

GENERAL

No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares will be given.

All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders at their addresses specified on the Form of Acceptance. None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result. The attention of the Shareholders is drawn to “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board” as set out on pages 16 to 21 of this Composite Document, the “Letter from the Independent Board Committee” as set out on pages 22 to 23 of this Composite Document and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” on pages 24 to 46 of this Composite Document.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan
Managing Director

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wu Jian Nong

Ms. Shen Meng Hong

Mr. Xu Shui Sheng

Independent non-executive Directors:

Ms. Wang Xiaoxiong

Mr. Zhou Yuan

Mr. Shen Fuxin

Registered Office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:

Room 701, 7th Floor

Peninsula Centre

67 Mody Road

Tsimshatsui, Kowloon

Hong Kong

26 April 2024

To the Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF RISE TRIUMPH LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
TONKING NEW ENERGY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
RISE TRIUMPH LIMITED AND CERTAIN PARTIES
ACTING IN CONCERT WITH IT)**

* For identification purpose only

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Rule 3.5 Announcement. Astrum Capital, for and on behalf of the Offeror, makes a voluntary conditional cash offer to acquire all the issued Shares (other than those Shares already owned by the Offeror and certain parties acting in concert with it) at HK\$0.10 per Share.

The purpose of this Composite Document of which this letter forms part is to provide you with, among other matters, the terms of the Offer, information relating to the Group and the Offeror, as well as to set out (i) the letter from the Independent Board Committee containing its recommendations to the Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer.

Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

PRINCIPAL TERMS OF THE OFFER

The “Letter from Astrum Capital” as set out on pages 6 to 15 of this Composite Document contains the information in respect of the Offer and the principal terms of the Offer are extracted below. You are recommended to refer to the “Letter from Astrum Capital”, the section headed “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details.

As at the Latest Practicable Date, there were 818,000,000 Shares in issue, of which 586,546,000 Shares will be subject to the Offer. The Company had no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Offer is made by Astrum Capital for and on behalf of the Offeror at the Offer Price:

For each Offer Share HK\$0.10 in cash

The Offer Shares to be acquired under the Offer shall be fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document).

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

LETTER FROM THE BOARD

The Offer Price

Your attention is drawn to the section headed “The Offer – The Offer Price” in the “Letter from Astrum Capital” in this Composite Document.

Highest and Lowest Share Prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.195 per Share on 12 April 2024 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.094 per Share on 11 December 2023.

Value of the Offer

Your attention is drawn to the sections headed “The Offer – Value of the Offer” in the “Letter from Astrum Capital” in this Composite Document which set out the value of the Offer.

Conditions to the Offer

Your attention is drawn to the section headed “The Offer – Conditions of the Offer” in the “Letter from Astrum Capital” in this Composite Document which sets out the conditions to the Offer.

Reasons for and Benefits of the Offer

Your attention is drawn to the section headed “Reasons for the Offer” in the “Letter from Astrum Capital” in this Composite Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising Ms. Wang Xiaoxiong, Mr. Zhou Yuan and Mr. Shen Fuxin, being all of the independent non-executive Directors, has been formed to advise the Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer.

TC Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out on pages 22 to 23 and pages 24 to 46 respectively in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

LETTER FROM THE BOARD

FURTHER DETAILS OF THE OFFER

You are advised to refer to the “Letter from Astrum Capital” as set out on pages 6 to 15 of this Composite Document, “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document and the Form of Acceptance for further terms and conditions of the Offer and the procedures for acceptance and settlement of the Offer.

INFORMATION ON THE GROUP

The Company is the holding company of the Group. The Group is principally engaged in the renewable energy business in the PRC, including (i) the provision of one-stop value-added solutions (EPC, maintenance and support, and testing) for photovoltaic power stations and (ii) sale of patented photovoltaic tracking mounting bracket systems.

Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and V to this Composite Document, respectively.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	Number of Shares	Approximate percentage of shareholding
The Offeror	224,380,000	27.43%
Signkey Group Limited (<i>Note</i>)	<u>7,074,000</u>	<u>0.86%</u>
Subtotal: The Offeror and the Offeror Concert Parties	231,454,000	28.29%
Independent Shareholders		
– Xu Jun	150,000,000	18.34%
– Other Shareholders	<u>436,546,000</u>	<u>53.37%</u>
Total	<u>818,000,000</u>	<u>100%</u>

Note: Signkey Group Limited, a company incorporated in the British Virgin Islands with limited liability, is 85.0%, 8.0%, 3.0%, 3.0% and 1.0% beneficially owned by Mr. Wu, Mr. Jiang Jianming, Mr. Xu Shui Sheng, Mr. Qiao Jianping and Ms. Shen Meng Hong, respectively. Signkey Group Limited is a member of the Offeror Concert Parties.

LETTER FROM THE BOARD

Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and V to this Composite Document, respectively.

PROFIT ESTIMATES

As set out in the Positive Profit Alert Announcement, based on a preliminary review of the unaudited management accounts by the management of the Group, the Group is expected to record an increase of 50% to 80% in profit attributable to owners of the Company for the 11 months ended 29 February 2024 (the “**Profit Estimate**”), as compared to the profit attributable to owners of the Company in the amount of HK\$27,633,000 recorded for the year ended 31 March 2023, which was mainly attributable to the increase in gross profit of the renewable energy business of the Group and a subsidiary applying to the income tax reduction and exemption of 25% to 15% as a new high-tech enterprise.

The Profit Estimate constitutes a “profit forecast” under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the Company’s auditors in accordance with the requirements under Rule 10 of the Takeovers Code. The Profit Estimate has been reported on by Moore and TC Capital. Moore has reported that, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the Profit Estimate in accordance with the bases adopted by the Directors and the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. TC Capital is satisfied that the Profit Estimate has been made by the Directors with due care and consideration.

Your attention is drawn to the reports issued by TC Capital and Moore on the Profit Estimates set out in Appendix III and IV this Composite Document, respectively.

INFORMATION OF THE OFFEROR AND INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “Information of the Offeror” and “Intentions of the Offeror in relation to the Group” in the “Letter from Astrum Capital” as set out on pages 6 to 15 of this Composite Document.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM THE BOARD

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Board is aware of the Offeror's intentions in respect of the Group and its employees and is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on pages 22 to 23 of this Composite Document, which sets out its recommendations to the Independent Shareholders in relation to the Offer; and (ii) the "Letter from the Independent Financial Adviser" as set out on pages 24 to 46 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from Astrum Capital", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document, the "Report from TC Capital" and the "Report from Moore" as set out in Appendix III and IV to this Composite Document, respectively, the accompanying Form of Acceptance and the additional information as set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,
By order of the Board
Tonking New Energy Group Holdings Limited
Wu Jian Nong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

26 April 2024

To the Independent Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF RISE TRIUMPH LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
TONKING NEW ENERGY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
RISE TRIUMPH LIMITED AND CERTAIN PARTIES
ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 26 April 2024 jointly issued by the Company and the Offeror, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and to make a recommendation as to acceptance of the Offer.

TC Capital has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee. Your attention is drawn to the “Letter from the Independent Financial Adviser” as set out in this Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from Astrum Capital” and “Letter from the Board” as set out in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

RECOMMENDATION

Having considered the terms of the Offer, the information contained in this Composite Document and the principal factors and reasons considered by, and the independent advice of TC Capital, as set out in its letter of advice, we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

Nevertheless, for those Independent Shareholders who are considering to realise all or part of their holding in the Shares, they should closely monitor the market price and liquidity of the Shares during the offer period (as defined under the Takeovers Code) and carefully consider the relevant risks and uncertainties based on their individual preference and tolerance level. Should the net proceeds receivable under the Offer exceed the net sale proceeds from the sale of Shares in the open market, or if there is difficulty in disposing of a large volume of the Shares in the open market, in view of the thin historical trading volume of Shares on the Stock Exchange and the downward pressure it may create on the price of the Shares, the Independent Shareholders may wish to consider accepting the Offer.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer and then decide whether to accept or not to accept the Offer. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in this Composite Document.

Yours faithfully,

For and on behalf of the

**Independent Board Committee of
Tonking New Energy Group Holdings Limited**

Ms. Wang Xiaoxiong
Independent
Non-executive Director

Mr. Zhou Yuan
Independent
Non-executive Director

Mr. Shen Fuxin
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from TC Capital International Limited to the Independent Board Committee in respect of the Offer, for the purpose of inclusion in this Composite Document.



26 April 2024

The Independent Board Committee
Tonking New Energy Group Holdings Limited

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF RISE TRIUMPH LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
TONKING NEW ENERGY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
RISE TRIUMPH LIMITED AND CERTAIN PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee with respect to the Offer, details of which are set out in the Composite Document, of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Rule 3.5 Announcement dated 11 April 2024. On 11 April 2024 (after trading hours), the Offeror and the Board jointly announced that Astrum Capital, for and on behalf of the Offeror, will make a voluntary conditional cash offer to acquire all the issued Shares (other than those Shares already owned by the Offeror and the Offeror Concert Parties).

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties were interested in 231,454,000 Shares in aggregate, representing approximately 28.29% of the total issued share capital of the Company.

As at the Latest Practicable Date, the Company had (i) 818,000,000 Shares in issue, of which 586,546,000 Shares will be subject to the Offer. As at the Latest Practicable Date, the Company had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares or other types of equity interest, and had not entered into any agreement for the issue of such securities, options, derivatives or warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Ms. Wang Xiaoxiong, Mr. Zhou Yuan and Mr. Shen Fuxin, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer.

We, TC Capital International Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not in the same group as the financial or other professional advisers (including a stockbroker) to the Offeror or the Company.

Save as our appointment as the Independent Financial Adviser by the Company to issue (i) a comfort letter in relation to the disclosure of material change of the financial and trading position of the Group in the Composite Document as required under Rule 10.11 of the Takeovers Code, and (ii) a report in relation to the Profit Estimate as required under Rule 10.4 of the Takeovers Code and apart from normal professional fees paid or payable to us in connection with the current engagement as the Independent Financial Adviser in respect of the Offer, we do not and did not have any relationship that amounted to a significant connection with the Company or the Offeror within the past two years which could create, or be perceived as creating, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice.

As at the Latest Practicable Date, none of the circumstances set out in Rule 17.96 of the GEM Listing Rules existed that could reasonably be regarded as a hindrance to our independence to act as the Independent Financial Adviser in respect of the Offer.

Accordingly, we consider that we are independent pursuant to Rule 2.6 of the Takeovers Code and Rule 17.96 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation in respect of the Offer, we have considered and reviewed, among other things, (i) the Composite Document; (ii) the annual reports of the Company for the years ended 31 March 2022 and 31 March 2023 (the “**2022 Annual Report**” and the “**2023 Annual Report**”, respectively); (iii) the interim report of the Company for the six months ended 30 September 2023 (the “**2023 Interim Report**”); (iv) the relevant market data and information available from public sources; and (v) the other information as set out in the Composite Document.

We have relied on the statements, information and representations contained or referred to in the Composite Document and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in the Composite Document and all the information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate in all material respects as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context. Our opinions are necessarily based on the financial, economic, market, regulatory and other conditions in effect, and the facts, information, representations and opinions made available to us as at the Latest Practicable Date. The Shareholders will be notified of material changes, if any, to the information contained or referred to herein and our opinions as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld; nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement (other than the information relating to the Offeror and the parties acting in concert with it) in the Composite Document, including this letter, incorrect or misleading. We have not, however, carried out any independent verification of the information provided; nor have we conducted any independent investigation into the business and affairs of the Group and the Offeror.

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We have not considered the tax implications on the Independent Shareholders of the acceptance or non-acceptance of the Offer since these are dependent on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, consult their own professional advisers.

PRINCIPAL FACTORS CONSIDERED

In arriving at our recommendation in respect to the Offer, we have taken into consideration the following principal factors:

1. Business, financial performance and prospects of the Group

(i) Business of the Group

As stated in the Composite Document, the Group is principally engaged in the renewable energy business in the PRC, including (i) the provision of one-stop value-added solutions (engineering, procurement and construction (“EPC”), maintenance and support, and testing) for photovoltaic power stations; and (ii) sale of patented photovoltaic tracking mounting bracket systems.

Set out below is the revenue breakdown of the Group for the year ended 31 March 2023 according to the 2023 Annual Report:

	<i>HKD'000</i>	<i>%</i>
Provision of one-stop value added solution for photovoltaic power stations	397,104	57.6
Sales of the patented photovoltaic tracking mounting bracket systems	283,586	41.2
Sales of electricity	<u>8,275</u>	<u>1.2</u>
	<u>688,965</u>	<u>100.0</u>

Note: The revenue breakdown of the Group for the six months ended 30 September 2023 was not disclosed in the 2023 Interim Report. Nevertheless, it was disclosed in the 2023 Interim Report that the total revenue of the Group 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.

According to the 2023 Annual Report and the 2023 Interim Report, the Group's revenue was derived solely from its operations in the PRC for the year ended 31 March 2023 and for the six months ended 30 September 2023.

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(ii) Historical financial performance of the Group

Set out below are the financial performance of the Group extracted from (i) the audited consolidated financial information of the Group for each of the two years ended 31 March 2022 and 2023 (“FY2022” and “FY2023”, respectively) as extracted from the 2022 Annual Report and the 2023 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 September 2022 and 30 September 2023 (“1H2023” and “1H2024”, respectively) as extracted from the 2023 Interim Report:

	For the six months ended 30 September 2023 (HK\$'000) (Unaudited)	For the six months ended 30 September 2022 (HK\$'000) (Unaudited)	For the year ended 31 March 2023 (HK\$'000) (Audited)	For the year ended 31 March 2022 (HK\$'000) (Audited)
Revenue	273,121	212,670	688,965	240,524
Costs of sales	(253,110)	(189,416)	(616,789)	(196,124)
Gross profit	20,011	23,254	72,176	44,400
Other income and gains, net	8,652	8,224	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, net	–	–	(1,682)	(104)
Administrative and other operating expenses	(14,509)	(12,788)	(29,381)	(30,774)
Finance costs	(2,101)	(1,821)	(3,945)	(3,187)
Profit before income tax	12,053	16,869	37,269	4,943
Income tax (expense)/credit	(1,650)	(4,609)	(8,219)	1,627
Profit for the year/period	<u>10,403</u>	<u>12,260</u>	<u>29,050</u>	<u>6,570</u>
Other information				
Gross profit margin	7.3%	10.9%	10.5%	18.5%

As demonstrated in the above table, although the Group reported revenue increases for FY2023 and 1H2024, the gross profit margin of the Group decreased from approximately 18.5% for FY2022 to approximately 10.5% for FY2023, and further to approximately 7.3% for 1H2024.

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On 22 April 2024, the Company published a Positive Profit Alert Announcement stating that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the 11 months ended 29 February 2024, and other information currently available to the management of the Company, the unaudited net profit attributable to owners of the Company for the 11 months ended 29 February 2024 is expected to record an increase of 50% to 80% as compared with the audited net profit attributable to owners of the Company for the year ended 31 March 2023, which was mainly attributed to the increase in gross profit of the renewable energy businesses of the Group and a subsidiary applying to the income tax reduction and exemption of 25% to 15% as a new high-tech enterprise for the 11 months ended 29 February 2024 as compared to that for FY2023.

As advised by the management of the Company, the aforesaid increase in gross profit was principally due to the improvement in gross profit margin. We have further discussed with the management of the Company and understood that the reason for the improvement in gross profit margin of the Group for the 11 months ended 29 February 2024 as compared to that for FY2023 despite of the decrease in gross profit margin of the Group from FY2023 to 1H2024 was principally due to the improvement in gross profit margin of the Group for the five months ended 29 February 2024, which was principally attributable to (i) the improvement in gross profit margin of the sales of the patented photovoltaic tracking mounting bracket systems segment; and (ii) the increased revenue contribution from the sales of the patented photovoltaic tracking mounting bracket systems segment which command a relatively higher gross profit margin than the provision of one-stop value added solution for photovoltaic power stations segment in the same period.

Though there was an improvement in the gross profit margin for the 11 months ended 29 February 2024 as compared to that for FY2023, we were advised by the management of the Company that the gross profit margin of the Group for the 11 months ended 29 February 2024 still demonstrated a deterioration as compared to that for FY2022, which was principally due to the deteriorating gross profit margin of the provision of one-stop value added solution for photovoltaic power stations segment as the result of the increasingly intense competition of the photovoltaic power EPC industry, which is also consistent with our research findings on the photovoltaic power EPC industry (for details, please refer to the subsection headed “Business prospects of the Group” below).

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To further assess the financial performance of the Group in particularly to the photovoltaic tracking mounting bracket system segment, we have selected comparable companies based on the following selection criteria: (i) companies that are assigned to the subsector named “Power Equipment – Photovoltaic Equipment” in accordance to the industrial classification standards of SWS Research Co., Ltd., which offers advice with respect to Asian stocks, bonds, derivatives, and other investments; (ii) companies that are assigned to the subsector named “Industrials – Industrial Engineering – New Energy Materials” which is defined as “producers and distributors of environmentally friendly energy materials and devices such as solar cells”, according to the Hang Seng Industry Classification System (the “HSICS”), given the Company is one of the constituents of this subsector; (iii) companies with their gross profit margin of their sales of the photovoltaic bracket systems in the PRC were disclosed in their latest published annual reports; and (iv) companies that are currently listed on the Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange. We have identified an exhaustive list of three companies which met the said criteria (the “**Photovoltaic Bracket Comparable Companies**”). The gross profit margin of the sales of the photovoltaic brackets systems in the PRC of the Photovoltaic Bracket Comparable Companies are set forth below:

Company name (Stock code)	For the year	For the year	Change
	ended	ended	
	31 December	31 December	
	2022	2021	
Trina Solar Co., Ltd.* (天合光能股份有限公司)(688599.SH)	6.9%	4.4%	2.5%
Arctech Solar Holding Co., Ltd.* (江蘇中信博新能源科技股份有限公司)(688408.SH)	11.1%	9.3%	1.9%
Clenergy Technology Co., Ltd. (清源科技股份有限公司)(603628.SH)	8.3%	12.7%	(4.4%)

Source: *cninfo* (www.cninfo.com.cn)

Note: As at the Latest Practicable Date, the gross profit margins of the sales of the photovoltaic brackets systems in the PRC of the Photovoltaic Bracket Comparable Companies for the year ended 31 December 2023 were not available in their relevant annual result announcement for the year ended 31 December 2023.

As demonstrated in the above table, two Photovoltaic Bracket Comparable Companies reported increases in their gross profit margins of the sales of the photovoltaic brackets systems in the PRC for the year ended 31 December 2022 as compared with the previous year and one Photovoltaic Bracket Comparable Company showed a decrease in its gross profit margins of the sales of the photovoltaic brackets systems in the PRC for the same period. According to the management of the

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Company, the gross profit margin of the sales of the patented photovoltaic tracking mounting bracket systems segment of the Group for FY2023 showed a decrease as compared with FY2022. Though the reporting periods of the Group and that of the Photovoltaic Bracket Comparable Companies are different, as there are nine months overlapping months in the reporting periods of the Company and the Photovoltaic Bracket Comparable Companies (i.e. nine months ended 31 December 2021 and 2022), we consider that such comparison are appropriate.

In sum, considering that (i) though the Group recorded an increase in its unaudited net profit for the 11 months ended 29 February 2024 as compared to that for FY2023 due to the increase in the gross profit of the renewable energy businesses of the Group as set out in the Positive Profit Alert Announcement, we were advised by the management of the Company that such increase in the gross profit was principally due to the improvement in the gross profit margin of the Group for the 5 months ended 29 February 2024 and therefore there is an uncertainty on whether such improvement demonstrated in a relatively short five months period could persist; the gross profit margin of the Group for the 11 months ended 29 February 2024 indeed deteriorated when compared to that for FY2022 as advised by the management of the Company; and (ii) the deteriorating gross profit margin of the sales of the patented photovoltaic tracking mounting bracket systems segment of the Group for FY2023 in contrast with the improved gross profit margin of the majority of Photovoltaic Bracket Comparable Companies during the similar period, we are of the view that the historical financial performance of the Group was unsatisfactory.

(iii) Business prospects of the Group

Overall photovoltaic power industry in China

Given that (i) the provision of one-stop value added solution for photovoltaic power stations and the sales of the patented photovoltaic tracking mounting bracket systems in the PRC contributed majority of the Group revenue in the latest fiscal year; (ii) the provision of one-stop value added solution for photovoltaic power stations involves EPC, maintenance and support, and testing of photovoltaic power stations according to the 2023 Annual Report; (iii) the sales of the patented photovoltaic tracking mounting bracket systems is generated partly from the provision of one-stop value added solution for photovoltaic power stations segment and partly from other downstream players in the photovoltaic power industry as confirmed by the Group; and (iv) the provision of one-stop value added solution for photovoltaic power stations and the sales of the patented photovoltaic tracking mounting bracket systems in the PRC are expected to contribute the majority of the Group's revenue going forward as confirmed by the Group, we believe, and further confirmed by the

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Group, that the business prospects of the Group will be significantly influenced by the projected increase in the installed capacity of photovoltaic power in the PRC.

Set out below the total installed capacity of photovoltaic power in the PRC from 2019 to 2023 according to the National Energy Administration of the PRC:

	2019	2020	2021	2022	2023
Total installed capacity of photovoltaic power (MW)	204,680	253,430	306,560	392,610	609,490

Based on the above table, the annual newly installed capacity of photovoltaic power for the year ended 2020, 2021, 2022 and 2023 are approximately 48,750MW, approximately 53,130MW, approximately 86,050MW, and approximately 216,880MW respectively, representing the year-on-year increase of approximately 9%, 62% and 152% for the year ended 2021, 2022 and 2023 respectively.

according to an article titled “光伏產業今年將有“激戰”” published on 4 March 2024 (the “**Article**”) by China Energy News which was supervised by the People’s Daily, the official newspaper of the Central Committee of the Chinese Communist Party, Mr. Xing Yiteng, the director of the New Energy Division of the Department of New and Renewable Energy of the National Energy Administration of the PRC, indicated that the significant increase in the annual newly installed capacity of photovoltaic power for the year ended 2023 was due to the unexpected tumbling upstream product prices in the photovoltaic industry, the acceleration of construction of photovoltaic power stations after the epidemic, and the commissioning of large-scale wind and photovoltaic power bases, and such growth is extraordinary and is not the norm.

the Article, Mr. Wang Bohua (“**Mr. Wang**”), the honorary president of the China Photovoltaic Industry Association, mentioned that the annual installation of photovoltaic power of China in 2024 is expected to range from a conservative estimate of approximately 190,000MW to an optimistic estimate of approximately 220,000MW, which means the annual installed capacity of photovoltaic power in China is expected to experience a drop of approximately 12% in 2024 compared to 2023 or a significant slowdown in the relevant growth rate to approximately 5% in 2024 from approximately 152% in 2023.

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EPC segment of the photovoltaic power station in China

According to article titled “2024年中國光伏EPC行業競爭格局及市場份額分析市場集中度較高” on 23 January 2024 published by 前瞻產業研究院, an industrial research and related services provider and the institute of industrial planning and strategy of Shenzhen Branch of National Academy of Innovation Strategy of the PRC, the competition in the PRC photovoltaic EPC industry is fierce given that (i) the two state-owned market leaders, namely China Energy Engineering Group Co., Ltd and Power Construction Corporation of China, Ltd., had dominated a relatively large portion of market share; and (ii) there are increasing number of market participants in the PRC photovoltaic EPC industry. Further, according to an article titled “預見2024：《2024年中國光伏EPC行業全景圖譜》” published on 7 January 2024 published by 前瞻產業研究院 which described the PRC photovoltaic EPC industry is characterised as low profitability of the project and intense competition.

Referring to point (i) above, according to an article titled “102GW光伏電站EPC項目中標解析” published on 24 February 2023 by 北極星太陽能光伏網, a professional photovoltaic portal providing services to more than 500 companies in photovoltaic power industry, among the top ten tender winners of the photovoltaic EPC projects tendered in the PRC in terms of project capacity in 2022, nine of them were state-owned enterprises of which in total accounted for approximately 51.7% of the total photovoltaic EPC projects tendered in the PRC in 2022 and the top two tender winners, which are state-owned enterprises in total accounted for approximately 42% of the total photovoltaic EPC projects tendered in the PRC in 2022.

Besides, according to an article titled “大唐、國家能源集團等57GW電站EPC項目中標解析” published on 13 November 2023 by 北極星太陽能光伏網, the state-owned enterprises were awarded approximately 69% of the photovoltaic EPC contract tendered in the PRC for the four months ended 31 October 2023.

Referring to point (ii) above, according to an article titled “2023年中國光伏EPC市場主體分析 行業參與主體數量規模較小” published on 28 January 2024 by 前瞻產業研究院, as at the end of 2023, there were 1,676 enterprises in the PRC photovoltaic EPC industry, among which 1,150 enterprises were private enterprises. During 2021, 2022 and 2023, the numbers of photovoltaic EPC enterprises established in the PRC were approximately 400, 200 and 200 respectively, which were higher than the annual number of photovoltaic EPC enterprises established in the PRC of less than 200 in each year from 2000 to 2020.

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Considering (i) the expected slowdown in the newly installed capacity of photovoltaic power in the PRC in 2024; (ii) the EPC project segment of the photovoltaic power station in China was dominated by state-owned enterprises; and (iii) the increasing numbers of photovoltaic EPC enterprises established in China each year in 2021, 2022 and 2023 were higher than that from 2000 to 2020, we are of the view that the business prospect of the Group, which are non-state-owned enterprise, remained uncertain going forward.

2. Information of the Offeror and its intentions regarding the Group

(i) Information on the Offeror

As set out in the Composite Document, the Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. The Offeror is 96.0%, 3.0% and 1.0% beneficially owned by Mr. Wu, Mr. Xu Shui Sheng and Ms. Shen Meng Hong, respectively. The sole director of the Offeror is Mr. Wu.

Mr. Wu is an executive Director, the chairman of the Board and the chief executive officer of the Company. He completed the executive master of business administration course (EMBA) from Overseas Education College Shanghai Jiao Tong University (上海交通大學海外教育學院) in February 2006 and a master's degree in business administration ("MBA") from Hong Kong Finance and Economics College (香港財經學院) in June 2008. He obtained the qualification of engineer from Quzhou City Leading Group for Title Reform* (衢州市職稱改革領導小組) in 1992. From December 1978 to March 1994, Mr. Wu worked as an engineer in Jiang Shan Chemical Industry General Factory* (江山化工總廠). He was the chairman of the board of directors of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from April 1994 to May 2011. Since May 2011, Mr. Wu has been the president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

Mr. Xu Shui Sheng is an executive Director. He obtained an MBA from Hong Kong Finance and Economics College (香港財經學院) in June 2008. Mr. Xu obtained the qualification of engineer (with specialisation in mechanical engineering) from the Human Resources and Security Bureau of Quzhou City* (衢州市人力資源和社會保障局) in August 1996. From August 1981 to September 2001, Mr. Xu had worked as the deputy workshop director (車間副主任) and equipment deputy general manager of Jiang Shan Beer Factory* (江山啤酒廠). He was the deputy general manager of the technology development department of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from September 2001 to August 2012. Since April 2014, Mr. Xu has been the deputy president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

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Ms. Shen Meng Hong is an executive Director and an authorised representative of the Company. Ms. Shen obtained an MBA from the Hong Kong Finance and Economics College in 2008, and is a qualified PRC senior accountant. Since 1998, Ms. Shen was engaged in financial management in the field of the compact fluorescent lamp industry and renewable energy industry. In 2015, she was appointed as an executive Director and since then, she was involved in enterprise strategic management and risk management of the Group.

(ii) Intentions of the Offeror regarding the Group

As set out in the Composite Document, the Offeror intends to continue the existing business of the Group. As at the Latest Practicable Date, the Offeror has not entered into, and has no plans to enter into, any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and has no intention to dispose of or change the scale of any of the Group's existing business. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore other business opportunities and consider whether any asset disposal, asset acquisition, fund raising, restructuring of business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

The Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

As further stated in the Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

3. Principal terms of the Offer

As stated in the Composite Document, the Offer Price of HK\$0.10 per Offer Share represents:

- (a) a discount of approximately 40.8% over the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 48.5% over the closing price of HK\$0.194 per Share as quoted on the Stock Exchange on the Last Trading Day;

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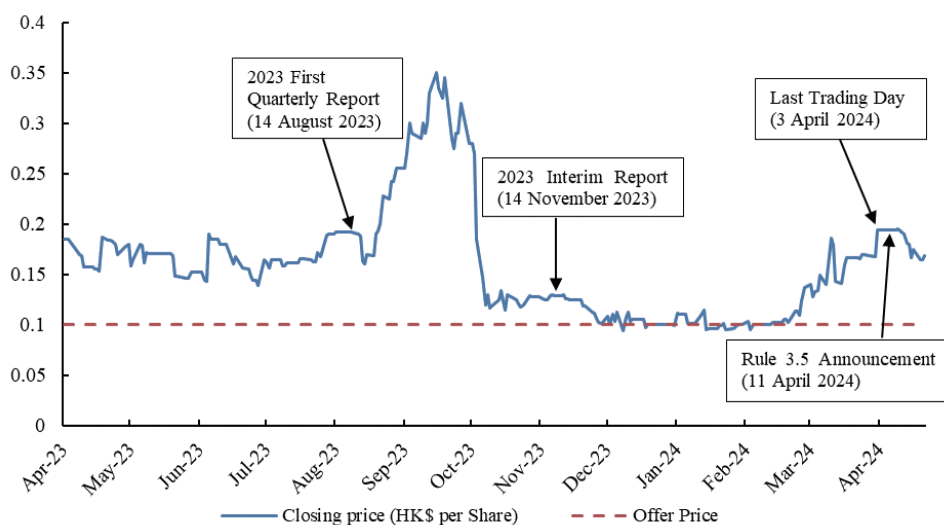
- (c) a discount of approximately 42.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.174 per Share;
- (d) a discount of approximately 30.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.145 per Share;
- (e) a discount of approximately 18.5% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.123 per Share;
- (f) a discount of approximately 14.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.117 per Share;
- (g) a discount of approximately 65.4% to the audited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.289 as at 31 March 2023; and
- (h) a discount of approximately 64.8% to the unaudited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.284 as at 30 September 2023.

Further terms and Conditions of the Offer, including the procedures for acceptance, are set out in the “Letter from Astrum Capital” and Appendix I to the Composite Document.

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(i) *Historical Share price movement analysis*

The chart below illustrates the movement of the daily closing prices of the Shares as quoted on the Stock Exchange during the last twelve months preceding the date of the Last Trading Day on 3 April 2024 (the “**Pre-Announcement Period**”), with both days inclusive, and from 11 April 2024 (being the date of the Rule 3.5 Announcement) to the Latest Practicable Date (being 24 April 2024) (the “**Post-Announcement Period**”, together with the Pre-Announcement Period, the “**Review Period**”), of which we considered it an appropriate and adequate period to reflect the Company’s position under the recent market sentiment and illustrate the general trend and movement of the daily closing prices of the Shares.



Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in the chart above, during the Review Period, the lowest closing price of the Shares was HK\$0.094 per Share on 11 December 2023, while the highest closing price of the Shares was HK\$0.35 per Share on 18 September 2023. The average closing price of the Shares during the Review Period was HK\$0.159 per Share (the “**Average Closing Price**”). The Offer Price of HK\$0.10 per Share is below the Average Closing Price of the Shares during the Review Period.

The movements of the Share price were relatively volatile from August to October 2023 by increasing from HK\$0.169 per Share on 21 August 2023 to a peak of HK\$0.35 per Share on 18 September 2023, and plummeted to HK\$0.117 per Share on 12 October 2023. We have discussed with the management of the Company regarding the fluctuation of Share price, and are given to understand that the increase in Share price might be attributed to the publication of the first quarterly report of the Company for the three months ended 30 June 2023 (the “**2023 First Quarterly Report**”) on 14 August 2023, which stated that the net profit attributable to owners of

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the Company for the three months ended 30 June 2023 significantly increased by approximately 81.1% as compared to the corresponding period in 2022. As for the subsequent decline in Share price, we have enquired into the management of the Company for the probable reasons behind, and were advised that they were not aware of any specific events or occurrences which might have affected the Share price. The Share price further dropped to HK\$0.1 per Share on 5 December 2023. As advised by the management of the Company, such decrease was probably due to the publication of the 2023 Interim Report on 14 November 2023, which disclosed that the net profit attributable to owners of the Company for the six months ended 30 September 2023 decreased by approximately 16.2% as compared to the corresponding period in 2022. Afterwards, the Share price fluctuated between HK\$0.094 per Share and HK\$0.115 per Share from December 2023 to February 2024 and rose above the Offer Price on 29 February 2024. The Share price remained consistently above the Offer Price throughout March 2024 and up to the Last Trading Day. The Offer Price represents a discount of approximately 36.8% to the average closing price of the Shares during the Pre-Announcement Period of approximately HK\$0.158 per Share.

Following the publication of the Rule 3.5 Announcement on 11 April 2024 and the resumption of trading in the Shares on 12 April 2024, the Share price slightly increased to HK\$0.195 per Share from HK\$0.194 per Share on the Last Trading Day. Thereafter, the Share price fluctuated within a range of HK\$0.165 per Share to HK\$0.195 per Share during the Post-Announcement Period.

We further noted that the daily closing prices of the Shares were above the Offer Price for approximately 89.3% of the Review Period (i.e. 226 trading days out of 253 trading days) and the Offer Price represents a discount of approximately 40.8% to the closing price of HK\$0.169 per Share as quoted on the Stock Exchange as at the Latest Practicable Date. Having considered the foregoing, we are of the view that, in comparison to the Average Closing Price of the Shares during the Review Period, the Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that there is no guarantee that the trading price of the Shares will sustain at a level higher than the Offer Price during and after the Offer Period, considering the risks and uncertainties of the Group's profitability and prospects in the long run as mentioned in the section headed "Business, financial performance and prospects of the Group". Nevertheless, in light of the fact that the Offer Price was lower than the closing price of the Shares as at the Latest Practicable Date, Independent Shareholders who wish to dispose of their Shares may consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from a sale of their Shares in the open market would, after deducting all transaction costs, yield a higher consideration than the net amount to be received under the Offer.

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(ii) Historical trading volume and liquidity analysis

The following table sets out (i) the average daily trading volume of the Shares for each month or period during the Review Period, which covers both the Pre-Announcement Period and the Post-Announcement Period, can sufficiently illustrate the general trend of the trading activities of the Shares in the market and reflect the market's perception of the Company's business performance and prospects, mitigating any possible impact from the Rule 3.5 Announcement regarding the Offer; (ii) the respective percentages of the average daily trading volume of the Shares as compared to the total number of Shares in issue; and (iii) the respective percentages of the average daily trading volume of the Shares as compared to the total number of Shares in issue held by the public.

	Number of trading days (Note 1)	Approximate average daily trading volume (Number of Shares)	Approximate % of the average daily trading volume to the total number of Shares in issue (Note 2)	Approximate % of the average daily trading volume to the total number of Shares held by the public (Note 3)
2023				
April (from 4 April)	16	135,188	0.017%	0.023%
May	21	57,905	0.007%	0.010%
June	21	34,667	0.004%	0.006%
July	20	162,800	0.020%	0.028%
August	23	629,519	0.077%	0.107%
September	19	2,688,526	0.329%	0.458%
October	20	2,257,150	0.276%	0.385%
November	22	293,000	0.036%	0.050%
December	19	317,474	0.039%	0.054%
2024				
January	22	381,182	0.047%	0.065%
February	19	548,316	0.067%	0.093%
March	20	438,250	0.054%	0.075%
April (up to the Latest Practicable Date)	11	847,909	0.104%	0.145%
	Maximum	2,688,526	0.329%	0.458%
	Minimum	34,667	0.004%	0.006%
	Average	678,073	0.083%	0.116%

Source: The website of the Stock Exchange (www.hkex.com.hk)

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Note:

1. Number of trading days of the Shares represents the number of trading days during the month or period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on the total number of Shares in issue at the end of each month or period as disclosed in the monthly returns of the Company.
3. Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by the Offeror and the Offeror Concert Parties from the total number of Shares in issue at the end of each month or period.

As illustrated in the table above, the percentage of the average daily trading volume to the total number of Shares in issue ranged from approximately 0.004% to 0.329%, and approximately 0.006% to 0.458% of the total number of Shares held by the public Shareholders during the Review Period. The average daily trading volume of the Shares during the Review Period was approximately 678,073 Shares, representing approximately 0.083% of the total number of Shares in issue and approximately 0.116% of the total number of Shares held by the public Shareholders.

Following the publication of the 2023 First Quarterly Report on 14 August 2023, we noted that both the average daily trading volume of the Shares as a percentage of the total number of Shares in Issue and that held by the public Shareholders had increased from approximately 0.077% to 0.329% and from approximately 0.107% to 0.458% respectively during August 2023 to October 2023. The increase in the average daily trading volume of the Shares was in line with the increase in the Share price during the same period probably due to the significant increase in the net profit attributable to owners of the Company for the three months ended 30 June 2023 as disclosed in the 2023 First Quarterly Report. Save for September and October 2023, the liquidity of the Shares was relatively thin during the Review Period, with an average trading volume of the Shares to the total number of Shares in issue and to the shareholding held by the public Shareholders of below 0.5%.

Given the thin trading liquidity of the Shares in the Review Period, a sufficiently active market may not exist to enable the Independent Shareholders to sell the Shares in bulk quantity without exerting a downward pressure on the price of the Shares in the short term. The Independent Shareholders may have difficulties in selling a significant number of Shares in the open market within a short timeframe if the same trading pattern of the Shares persists during and after the Offer Period. In such circumstance, the Offer may represent an alternative exit for the Independent Shareholders with significant shareholding in the Company to realise their investments in the Company at the Offer Price if they foresee that they are not able to sell the Shares in the market at a price higher than the Offer Price.

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(iii) Comparable companies analysis

To further assess the fairness and reasonableness of the Offer Price, we have considered comparisons on price-to-earnings ratio (“**P/E Ratio**”), price-to-book ratio (“**P/B Ratio**”) and price-to-sales ratio (“**P/S Ratio**”), which are the benchmarks commonly adopted in the evaluation of a company. We have not considered adopting the dividend approach as the Company has not declared and distributed any cash dividends to its Shareholders since the listing of the Shares on GEM on 21 November 2013.

Based on the Offer Price of HK\$0.10 per Offer Share and the total number of issued Shares of 818,000,000 as at the Latest Practicable Date, the Company is valued at approximately HK\$81.8 million. The implied P/E Ratio, P/B Ratio and P/S Ratio of the Company based on the Offer Price of the Shares are approximately 2.96 times, 0.35 times and 0.12 times (the “**Company’s P/S Ratio**”) respectively, which are derived from the profit attributable to owners of the Company of approximately HK\$27.6 million for FY2023, the net assets attributable to owners of the Company of approximately HK\$232.3 million as at 30 September 2023, and the revenue of the Company of approximately HK\$689.0 million for FY2023 respectively.

We have conducted extensive research on the website of the Stock Exchange to identify a list of comparable companies to the Group, we however could not identify any company listed on the Stock Exchange which is engaged in the same business of the Group (i.e. all of the revenue was generated from the provision of one-stop value added solution for photovoltaic power stations, sales of the patented photovoltaic tracking mounting bracket systems and sales of electricity in China according to their latest published annual reports).

Alternatively, in order to assess prevailing market valuation on renewable energy related sector in China, we have selected comparable companies to the Group based on the following selection criteria: (i) companies that are assigned to the subsector named “Industrials – Industrial Engineering – New Energy Materials” which is defined as “producers and distributors of environmentally friendly energy materials and devices such as solar cells”, according to the HSICS, given the Company is one of the constituents of this subsector; (ii) companies that are assigned to the subsector named “Properties & Construction – Construction – Heavy Construction & Engineering” which is defined as “companies engaged in civil engineering projects such as construction of railways, roads, highways, reclamation dredging and slope works” according to the HSICS, given the Group is principally engaged in EPC of photovoltaic power stations, which is a specific type of civil engineering project; (iii) companies that are assigned to the subsector named “Utilities – Utilities – Alternative/Renewable Energy” which is defined as “companies that develop, manage and operate clean energy projects such as hydropower and wind farms; include

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companies that provide district heating” according to the HSICS, considering that the Group is engaged in solar power related businesses; (iv) companies with at least 90% of their revenue derived from the PRC, according to their latest published annual reports; (v) companies with at least 80% of their revenue derived from (a) the provision of solutions for new energy and/or renewable energy power stations, including EPC, maintenance and support, and testing of power stations; and/or (b) the sales of new energy and/or renewable energy products utilised in power stations; and/or (c) the construction of new energy/renewable energy power stations; and/or (d) solar power businesses, according to their latest published annual reports; and (vi) companies that are currently listed on the Stock Exchange. Based on the above selection criteria, we have identified an exhaustive list of seven comparable companies (the “Comparable Companies”). Shareholders should note that the businesses, business models, operations and prospects of the Group are not exactly the same as the Comparable Companies. Nevertheless, we believe that the Comparable Companies are able to serve as fair and representative samples for comparison purposes. The details of the Comparable Companies are set forth below:

Company name (Stock code)	Principal businesses	Market capitalisation as at the Latest Practicable Date (Note 1) (HK\$ million)	Profit/(Loss) attributable to owners of the company (Note 2) (HK\$ million)	Net assets attributable to owners of the company (Note 3) (HK\$ million)	Revenue (Note 4) (HK\$ million)	P/E Ratio (Note 5)	P/B Ratio (Note 6)	P/S Ratio (Note 7)
Concord New Energy Group Ltd. (182.HK)	Operation of wind and solar power plants, provision of operation and maintenance, asset management and overhaul commissioning service for wind and solar power plant (discontinued in November 2023), provision of design, technical and consultancy services, undertaking electrical engineering and construction of power plant projects, and provision of finance lease services and energy internet services	4,872.3	1,041.8	9,118.7	2,798.3	4.68	0.53	1.74
Kong Sun Holdings Ltd. (295.HK)	Investment in and the operation of solar power plants, provision of solar power plant operation and maintenance services, provision of financial services and asset management, and construction of Digital and Intelligent Traditional Chinese Medicine (“DI-TCM”) health management and service system and provision of DI-TCM diagnosis and treatment equipment	284.3	(363.0)	3,071.9	513.3	N/A	0.09	0.55
Irico Group New Energy Company Limited (438.HK)	Research and development, manufacturing and sale of solar photovoltaic glass	279.1	(249.7)	1,945.0	3,400.2	N/A	0.14	0.08
GCL New Energy Holdings Ltd. (451.HK)	Sale of electricity, development, construction, operation and management of solar power plants, and sale of liquefied natural gas	373.6	(1,260.1)	2,221.9	898.9	N/A	0.17	0.42
China Smarter Energy Group Holdings Limited (1004.HK)	Clean-energy power generation business, trading in securities, investments, and trading of bulk commodities	140.6	(94.7)	(319.2)	195.9	N/A	N/A	0.72
Shunfeng International Clean Energy Ltd. (1165.HK)	Provision of clean energy and low-carbon energy-saving integrated solutions	96.6	(485.9)	(1,661.1)	257.8	N/A	N/A	0.37
Xinyi Energy Holdings Ltd. (3868.HK)	Operation and management of solar farms in the PRC	8,669.4	993.0	13,296.8	2,517.4	8.73	0.65	3.44
					Maximum	8.73	0.65	3.44
					Minimum	4.68	0.09	0.08
					Average	6.70	0.32	1.05
					Median	6.70	0.17	0.55
The Company		81.8	27.6	232.3		2.96	0.35	0.12

Source: The website of the Stock Exchange (www.hkex.com.hk)

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Note:

1. The market capitalisation of the Comparable Companies is calculated based on the respective closing prices of their shares and the total number of issued shares as at the Latest Practicable Date.
2. The respective profit attributable to owners of the company as disclosed in the latest published annual reports and/or annual results announcements on or before the Latest Practicable Date.
3. The respective net assets attributable to owners of the company as disclosed in the latest published financial statements on or before the Latest Practicable Date.
4. The operating revenue as disclosed in the latest published annual reports and/or annual results announcements on or before the Latest Practicable Date.
5. The P/E Ratios of the Comparable Companies are calculated based on their respective market capitalisation and profit attributable to owners of the company as disclosed in the latest published annual reports and/or annual results announcements on or before the Latest Practicable Date.
6. The P/B Ratios of the Comparable Companies are calculated based on their respective market capitalisation and net assets attributable to owners of the company as disclosed in the latest published financial statements on or before the Latest Practicable Date.
7. The P/S Ratios of the Comparable Companies are calculated based on their respective market capitalisation and operating revenue as disclosed in the latest published annual reports and/or annual results announcements on or before the Latest Practicable Date.
8. For the purpose of calculation, the translation into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.0810 as of the Latest Practicable Date according to Bloomberg, and is provided solely for illustrative purposes.

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As shown in the table above, only two of the Comparable Companies have a P/E Ratio, hence we consider that the price-to-earnings approach is not representative and indicative in evaluating the fairness and reasonableness of the Offer Price considering the sample size of two is inadequate for comparison purpose. Moreover, we noted that five out of seven Comparable Companies recorded net loss attributable to owners of the company during the latest financial year, which might indicate the presence of unfavourable and uncertain market conditions within the industry in which the Group operates. We also consider that the price-to-book approach is not appropriate for assessing the fairness and reasonableness of the Offer Price given it is commonly adopted in the valuation of asset-intensive entities such as real estate companies, whereas the Group's asset composition as at 31 March 2023 and 30 September 2023 primarily consisted of trade and bills receivables and contract assets, with a significantly lower proportion of non-current assets. The price-to-sales approach is appropriate for evaluating companies which have volatile earnings or losses with relatively stable revenue, thus the P/S Ratios will be applied in the comparable analysis.

As illustrated in the table above, the P/S Ratios of the Comparable Companies range from approximately 0.08 times to 3.44 times, with an average of approximately 1.05 times and a median of approximately 0.55 times. We noted that although the Company's P/S Ratio of approximately 0.12 times falls within the range of the P/S Ratios of the Comparable Companies, it is lower than the average and the median of the P/S Ratios of the Comparable Companies and is in close proximity to the minimum P/S Ratio of the Comparable Companies.

Having considered (i) the Company's P/S Ratio (based on the Offer Price) is lower than the average and the median of the P/S Ratios of the Comparable Companies; (ii) the daily closing prices of the Shares were above the Offer Price for approximately 89.3% of the trading days during the Review Period; (iii) the Offer Price represents a discount of approximately 37.0% to the Average Closing Price of the Shares during the Review Period; (iv) the Offer Price represents a discount of approximately 40.8% to the closing price of the Shares as at the Latest Practicable Date; and (v) the Offer Price represents a discount of approximately 64.8% to the unaudited consolidated net assets attributable to owners of the Company as at 30 September 2023, we are of the view that the Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

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RECOMMENDATION

Having considered the principal factors and reasons stated above, despite (i) the unsatisfactory historical financial performance of the Group in particularly the deterioration of the gross profit margin of the Group for the 11 months ended 29 February 2024 when compared to that for FY2022 as detailed in the subsection headed “Business, financial performance and prospects of the Group – Historical financial performance of the Group”; (ii) the uncertain business prospect of the Group as detailed in the subsection headed “Business, financial performance and prospects of the Group – Business prospects of the Group”; (iii) the low trading liquidity of the Shares during the Review Period; and (iv) the Company has not paid or declared any dividend since the listing of the Shares on GEM on 21 November 2013, having considered (i) the daily closing prices of the Shares were above the Offer Price for approximately 89.3% of the trading days during the Review Period; (ii) the Offer Price represents a discount of approximately 37.0% to the Average Closing Price of the Shares during the Review Period and a discount of approximately 40.8% to the closing price of the Shares as at the Latest Practicable Date respectively; (iii) the Offer Price represents a discount of approximately 64.8% to the unaudited consolidated net assets attributable to owners of the Company as at 30 September 2023; and (iv) the Company’s P/S Ratio is lower than the average and the median of the P/S Ratios of the Comparable Companies, we are of the opinion that, on balance, the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned nor in the interests of the Independent Shareholders as a whole. As such, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

Nevertheless, given the thin trading liquidity of the Shares in the Review Period, a sufficiently active market may not exist to enable the Independent Shareholders to sell the Shares in bulk quantity without exerting a downward pressure on the price of the Shares in the short term. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. In such circumstance, the Offer may represent an alternative exit for the Independent Shareholders with significant shareholding in the Company to realise their investments in the Company at the Offer Price. Hence, we consider that the Independent Shareholders with significant shareholding in the Company who wish to dispose of a bulk quantity of Shares should consider accepting the Offer to realise their investments in the Company at the Offer Price if they foresee that they are not able to sell the Shares in the market at a price higher than the Offer Price.

The Independent Shareholders are reminded to monitor carefully and closely the market price and the liquidity of the Shares before the end of the Offer Period and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs are more than the net amount to be received under the Offer.

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Those Independent Shareholders who wish to retain some or all of their investments in the Shares and/or are confident in the future prospects of the Group or otherwise are reminded to closely monitor the development of the Group and the publication of the Company (including the Composite Document) in this regard.

The Independent Shareholders are strongly advised that the decision to accept the Offer or to hold their investments in the Shares is subject to individual circumstances and investment objectives. As different Independent Shareholders would have different investment criteria, objectives, risk preferences and tolerance levels and/or circumstances, we would recommend any Independent Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant Acceptance Form(s), if they wish to accept the Offer.

Yours faithfully

For and on behalf of

TC Capital International Limited

Edward Wu

Chairman

Keiven Chan

Managing Director

Note:

Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. He has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

Mr. Keiven Chan has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the SFO since 2018. He has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

** For identification purposes only*

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. You should insert the total number of the Offer Shares for which the Offer is accepted. If no number is inserted or a number inserted is greater or smaller than your registered holding of Share(s) or those physical Share(s) tendered for acceptance of the Offer and you have signed the form, the form will be returned to you for correction and resubmission.
- (b) Any corrected form must be resubmitted and received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive. Subject to the Offer becomes unconditional, your Shares sold to the Offeror by way of acceptance of the Offer will be registered under the name of the Offeror or its nominee.
- (c) By signing and returning the Form of Acceptance, you warrant to the Offeror, Astrum Capital and the Company that you have not taken or omitted to take any action which will or may result in the Offeror and parties acting in concert with it, the Company, Astrum Capital or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or your acceptance thereof.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong marked "**Tonking New Energy Group Holdings Limited – Offer**" on the envelope as soon as possible and in any event by not later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

- (e) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Offer in full or in part, you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your Investor Participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

- (f) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Offeror to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

- (g) An acceptance of the Offer may not be counted as valid unless:
- (i) it is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (ii) below have been so received; and
 - (ii) the Form of Acceptance is duly completed and signed and is:
 - (1) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/ or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (2) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraphs of this paragraph (g)(ii)); or
- (3) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (h) No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares tendered for acceptance will be given.
- (i) Seller's ad valorem stamp duty for transfer of Offer Shares arising in connection with acceptances of the Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by the Offeror to such Shareholder who accepts the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (j) If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/ or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar, lodged with the Form of Acceptance will be returned to the Shareholders who have accepted the Offer by ordinary post at the Shareholders' own risk as soon as possible but in any event no later than seven (7) Business Days after the Offer has lapsed.
- (k) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

- (l) In making their decision, the Shareholders must rely on their own examination of the Group and the terms of the Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Astrum Capital, the Independent Financial Adviser, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

2. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the first Closing Date (with the first Closing Date being Friday, 17 May 2024) in accordance with the instructions printed on the relevant Form of Acceptance.
- (b) The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the first Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) If the Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Shareholders before the Offer is closed to those Shareholders who have not accepted the Offer.
- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.
- (e) If the Closing Date is extended, any references in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror must publish an announcement in accordance with the GEM Listing Rules and the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on Friday, 17 May 2024 stating the results of the Offer and whether the Offer has been revised, extended or has expired. The announcement will state the following:

- (a) the total number of Shares and rights over Shares for which acceptances of the Offer has been received;
- (b) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the Offeror Concert Parties before the Offer Period;
- (c) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and the Offeror Concert Parties; and
- (d) details of any relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in which the Offeror and any of its concert parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital of the Company and the percentage of voting rights represented by these numbers of Shares.

In computing the total number of Offer Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the GEM Listing Rules.

4. RIGHT OF WITHDRAWAL

The Offer is conditional upon fulfilment of the Conditions set out in the "Letter from Astrum Capital" in this Composite Document and being declared unconditional in all respects. Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (a) and (b) below:

- (a) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (with the first Closing Date being Friday, 17 May 2024) and if the

Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/ her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar; and

- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “3. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Shareholder(s) at his/her/its own risk.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

5. SETTLEMENT

If you accept the Offer, settlement of the consideration (less seller’s ad valorem stamp duty) will be made by cheque as soon as possible, but in any event no later than seven (7) Business Days of the date of receipt of a complete and valid acceptance of the Offer, or of the date on which the Offer becomes or is declared unconditional in all respects, whichever is the later. Each cheque will be despatched by ordinary post to the address specified on the relevant Form of Acceptance at his/her/its own risk.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

6. OVERSEAS SHAREHOLDERS

The making of the Offer to the Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith,

including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Shareholder in such relevant jurisdictions.

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror and that all local laws and requirements have been complied with and that the Offer can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

The Shareholders are encouraged to read this Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Shareholders (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer.

7. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

8. TAX IMPLICATIONS

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers or any persons involved in the Offer is in a position to advise the Shareholders on their individual tax implications. Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offer. In particular, acceptance of the Offer may potentially be liable to taxation in the PRC. Each Shareholder is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Offer applicable to him/her/it. Shareholders accepting the Offer shall be responsible to complete all necessary tax reporting formalities and pay all taxes and charges due in any relevant jurisdiction.

9. GENERAL

- (a) All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders at their addresses, in the case of Shareholders, specified on the relevant Form of Acceptance. None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Astrum Capital and the Company that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching thereto including, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the despatch date of this Composite Document.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (d) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (f) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Astrum Capital (or such person or persons as the Offeror and/or Astrum Capital may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in either Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.
- (h) Save for the payment of stamp duty, settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (i) The Offer is made in accordance with the Takeovers Code.
- (j) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (k) Should Shareholders have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the Offer, the Shareholders may contact the Registrar, Union Registrars Limited, at its hotline (852) 2849 3399 during the period from Friday, 26 April 2024 to the Closing Date between 9:00 a.m. and 5:00 p.m. (Hong Kong time) on Mondays to Fridays, excluding Hong Kong public holidays. The hotline cannot and will not provide advice on the merits of the Offer or on whether or not to accept the Offer or give financial or legal advice. If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.
- (l) In making their decision, Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Astrum Capital, the Independent Financial Adviser, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.
- (m) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of certain audited consolidated financial information of the Group (i) for the three years ended 31 March 2021, 2022 and 2023 and for the six months ended 30 September 2023 as extracted from the annual reports for the year ended 31 March 2021, 2022 and 2023 and the interim report for the six months ended 30 September 2023 published by the Company in accordance with the GEM Listing Rules.

	For the year ended 31 March			For the six months ended
	2021	2022	2023	30 September 2023
	(audited)	(audited)	(audited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue	198,596	240,524	688,965	273,121
Profit/(loss) before taxation	(7,314)	4,943	37,269	12,053
Income tax credit/ (expenses)	63	1,627	(8,219)	(1,650)
Profit/(loss) attributable to:				
Owners of the Company	(8,630)	5,497	27,633	9,504
Non-controlling interests	1,379	1,073	1,417	899
Total comprehensive income/ (expenses) attributable to:				
Owners of the Company	11,681	16,310	6,808	(4,179)
Non-controlling interests	3,116	1,987	(237)	(10)
Dividend per share	–	–	–	–
Earnings/(loss) per share attributable to the owners of the Company				
Basic and diluted (HK\$ cents)	(1.06)	0.67	3.38	1.16

Save as disclosed above, there are no other items of income or expense which are material for the three years ended 31 March 2021, 2022 and 2023 and for the six months ended and 30 September 2023.

The consolidated financial statements of the Group for the year ended 31 March 2021 was audited by HLB Hodgson Impey Cheng Limited (“**HLB**”). The consolidated financial statement of the Group for the two years ended 31 March 2022 and 2023 were audited by Moore. There was no modified opinion, emphasis of matter, or material uncertainty related to going concern contained in the auditors’ report of the Group issued by HLB or Moore for any of the three years ended 31 March 2023.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statements are shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2021 (the “**2021 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”); and (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023 (the “**2023 Interim Financial Statements**”), together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements are set out on pages 42 to 115 of the annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”), which was published on 30 June 2021 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0630/2021063002360.pdf>

The 2022 Financial Statements are set out on pages 40 to 113 of the annual report of the Company for the year ended 31 March 2022 (the “**2022 Annual Report**”), which was published on 29 June 2022 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062902863.pdf>

The 2023 Financial Statements are set out on pages 72 to 147 of the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”), which was published on 29 June 2023 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0629/2023062900364.pdf>

The 2023 Interim Financial Statements are set out on pages 2 to 15 of the interim report of the Company for the six months ended 30 September 2023 (the “**2023 Interim Report**”), which was published on 14 November 2023 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/1114/2023111400784.pdf>

The 2021 Financial Statements, the 2022 Financial Statements, the 2023 Financial Statements and the 2023 Interim Financial Statements (but not any other part of the 2021 Annual Report, the 2022 Annual Report, the 2023 Annual Report and the 2023 Interim Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 29 February 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follow:

- i. Matured promissory note of approximately HK\$47.2 million;
- ii. amounts due to related parties of approximately HK\$11.0 million;
- iii. bank loans of approximately HK\$77.1 million; and
- iv. lease liabilities of approximately HK\$23.5 million.

Save as aforesaid and apart from intra-group liabilities, normal trade payables in the ordinary course of business and lease liabilities in relation to the Group's offices, leasehold land, warehouses and retail stores, as at the close of business on 29 February 2024, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptances credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 29 February 2024.

4. MATERIAL CHANGE

Save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- i. The net profit of the Group for the eleven months ended 29 February 2024 significantly increased as compared to that for the eleven months ended 28 February 2023, which was mainly attributable to the increase in gross profit of the renewable energy businesses of the Group for the eleven months ended 29 February 2024 as compared to that for the eleven months ended 28 February 2023 and a subsidiary applying to the income tax reduction and exemption of 25% to 15% as a new high-tech enterprise;

- ii. The administrative and other operating expenses of the Group for the eleven months ended 29 February 2024 significantly increased as compared to that for the eleven months ended 28 February 2023, which was mainly attributable to (1) the increase in salaries, allowances and benefits in kind; (2) the increase in business expansion expenses resulted from the relief of the COVID-19 epidemic, such as travel, hospitality, industry exhibitions and promotional expenses; and (3) the increase in research and development expenses for enhancing the Group's market competitiveness;
- iii. The composition of the Group's major customers and suppliers for the eleven months ended 29 February 2024 varied from that for the eleven months ended 28 February 2023, which aligns with the project-based nature of the Group's revenue and cost composition and therefore the customer and supplier mix of the Group changed from time to time correspond to the progress of the relevant projects;
- iv. The current assets of the Group as at 29 February 2024 significantly increased as compared to that as at 30 September 2023, which was mainly attributable to (1) the increase in trade and bills receivables principally due to the increase in business scale; (2) the increase in restricted bank deposits principally due to a performance bond provided by the Group for a particular project for the eleven months ended 29 February 2024; and (3) the increase in cash and cash equivalents principally due to the fund raised from the new bank loans during the same period;
- v. The current liabilities of the Group as at 29 February 2024 significantly increased as compared to that as at 30 September 2023, which was mainly attributable to the increase in trade and bills payables and other payables and accruals principally due to the increase in business scale during the same period;
- vi. The non-current liabilities of the Group as at 29 February 2024 significantly increased as compared to that as at 30 September 2023, which was mainly attributable to (1) the increase in bank borrowings principally due to the new bank loans obtained by the Group; and (2) the increase in lease liabilities principally due to the finance lease agreement entered into by the Group during the same period (for details, please refer to the announcement of the Company dated 12 October 2023);
- vii. The net cash generated from operating activities for the eleven months ended 29 February 2024 significantly decreased as compared to that for the eleven months ended 28 February 2023, which was mainly attributable to the increase in trade and bills receivables for the eleven months ended 29 February 2024 as compared to that for the eleven months ended 28 February 2023;

- viii. The net cash generated from financing activities for the eleven months ended 29 February 2024 significantly increased as compared to that for the eleven months ended 28 February 2023, which was mainly attributable to the new bank loans obtained by the Group for the eleven months ended 29 February 2024; and
- ix. The effect of exchange rate changes on cash and cash equivalents for the eleven months ended 29 February 2024 significantly increased as compared to that for the eleven months ended 28 February 2023, which was mainly attributable to the fluctuation of exchange rates between Renminbi and Hong Kong Dollars during the eleven months ended 29 February 2024.

**The Board of Directors****Tonking New Energy Group Holdings Limited**

Room 701, 7th Floor, Peninsula Centre

67 Mody Road, Tsim Sha Tsui

Kowloon, Hong Kong

26 April 2024

Dear Sir/ Madam,

Re: Unaudited consolidated profit attributable to owners of the Company for the 11 months ended 29 February 2024

We refer to (i) the positive profit alert announcement (the “**Profit Alert Announcement**”) of Tonking New Energy Group Holdings Limited (the “**Company**”) dated 22 April 2024 containing the Profit Estimate (as defined below); and (ii) the composite document dated 26 April 2024 jointly issued by Rise Triumph Limited (the “**Offeror**”) and the Company in relation to the voluntary conditional cash offer by Astrum Capital Management Limited for and on behalf of the Offeror to acquire all the issued shares of the Company (other than those shares already owned by the Offeror and certain parties acting in concert with it) (the “**Offer**”). Capitalised terms used in this letter shall have the same meanings as defined in the Profit Alert Announcement and the Composite Document unless otherwise specified.

Pursuant to the Profit Alert Announcement, based on the preliminary review of the unaudited management accounts by the management of the Group, the Group is expected to record an increase of 50% to 80% in profit attributable to owners of the Company for the 11 months ended 29 February 2024 (the “**Profit Estimate**”), as compared to the profit attributable to owners of the Company in the amount of HK\$27,633,000 recorded for the year ended 31 March 2023, which was mainly attributable to the increase in gross profit of the renewable energy business of the Group and a subsidiary applying to the income tax reduction and exemption of 25% to 15% as a new high-tech enterprise.

The Profit Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on in accordance with Rule 10.4 of the Takeovers Code.

The Directors prepared the Profit Estimate based on the unaudited management accounts of the Group for the 11 months ended 29 February 2024 (the “**Management Accounts**”). We have reviewed and discussed with you, the Directors, the bases upon which the Profit Estimate has been made including, but not limited to, the Management Accounts provided by you and you as the Directors are solely responsible for.

We have also considered, and based on your review of, the report as contained in Appendix IV to the Composite Document addressed to the Board from Moore CPA Limited (previously known as Moore Stephens CPA Limited), the reporting accountants of the Company, in respect of the calculations and accounting policies upon which the Profit Estimate has been made. Moore CPA Limited is of the opinion that so far as the accounting policies and calculations are concerned, the Unaudited Consolidated Financial Information (as defined in the report from Moore CPA Limited) has been properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 March 2023.

Having considered the above, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible for, has been prepared with due care and consideration.

The work undertaken by us is for the sole purpose of reporting to the Directors under Rule 10 of the Takeovers Code and for no other purposes. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We hereby give and have not withdrawn our consent to the issue of the Composite Document with the inclusion therein of this report.

Yours faithfully

For and on behalf of

TC Capital International Limited

Edward Wu

Chairman

Keiven Chan

Managing Director

**Moore CPA Limited**

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Kowloon, Hong Kong

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26 April 2024

Board of Directors
Tonking New Energy Group Holdings Limited
Room 701, 7/F.
Peninsula Centre
67 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

Dear Sirs,

Tonking New Energy Group Holdings Limited (the “Company”)**Unaudited Consolidated Financial Information of the Company and its subsidiaries (collectively referred to as the “Group”) for the eleven months ended 29 February 2024 (“Unaudited Consolidated Financial Information”)**

We refer to the Unaudited Consolidated Financial Information for the eleven months ended 29 February 2024 mentioned in the positive profit alert announcement dated 22 April 2024 issued by the Company.

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Unaudited Consolidated Financial Information. The Unaudited Consolidated Financial Information has been prepared based on the management accounts of the Group for the eleven months ended 29 February 2024. The Directors are solely responsible for preparing the Unaudited Consolidated Financial Information on a basis consistent in all material aspects with the accounting policies adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 March 2023.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Unaudited Consolidated Financial Information based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the Unaudited Consolidated Financial Information in accordance with the bases adopted by the Directors as to whether the Unaudited Consolidated Financial Information is prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Unaudited Consolidated Financial Information has been properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 March 2023.

Moore CPA Limited

Certified Public Accountants

Ng Ngai Yan

Practising Certificate Number: P07422

Hong Kong

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer and the Group to the Shareholders.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror and the Offeror Concert Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the sole director of the Offeror in his capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each. The number of issued and paid-up Shares as at the Latest Practicable Date was 818,000,000 Shares.

All the issued Shares are fully paid and rank *pari passu* in all respects including, in particular, the rights in respect of capital, dividend and voting.

As at the Latest Practicable Date, the Company had not issued any new Shares since 31 March 2023, being the date to which the latest audited financial statements of the Company were made up.

As at the Latest Practicable Date, there were no share options granted pursuant to the share option scheme of the Company and the Company had no outstanding convertible securities, options, warrants, derivatives or any other conversion rights in issue affecting the Shares.

3. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange (i) on 3 April 2024, being the Last Trading Day prior to the publication of the Rule 3.5 Announcement; (ii) on the Latest Practicable Date; and (iii) on the last trading day of each of the calendar months during the Relevant Period:

Date	Closing price per Share (HK\$)
31 October 2023	0.128
30 November 2023	0.102
29 December 2023	0.1
31 January 2024	0.099
29 February 2024	0.124
28 March 2024	0.17
3 April 2024 (being the Last Trading Day)	0.194
24 April 2024 (being the Latest Practicable Date)	0.169

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.195 per Share on 12 April 2024 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.094 per Share on 11 December 2023.

4. DISCLOSURE OF INTERESTS

For the purposes of paragraphs 4 to 5 in this Appendix V, “interested” and “interests” have the same meaning as ascribed to these terms in Part XV of the SFO.

Directors and the chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, save as disclosed in “Shareholding Structure of the Company” in the “Letter from the Board” in this Composite Document and below, none of the Directors nor 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 associates (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

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.

Substantial Shareholders' interests and short positions in the Shares, underlying Shares and securities of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholders	Capacity	Number of ordinary shares interested	Approximate percentage of shareholding
Rise Triumph Limited (<i>Note</i>)	Beneficial owner	224,380,000	27.43%
Xu Jun	Beneficial owner	150,000,000	18.34%

Note: 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.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no person had an interest or a short position in the Shares or the underlying Shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. SHAREHOLDINGS

As at the Latest Practicable Date:

- (a) the Company did not hold any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (b) save as disclosed in the section headed “4. Disclosure of Interests” in this Appendix V, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company nor the Offeror;
- (c) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate;
- (e) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (f) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (g) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Company or its subsidiaries or associated companies.

6. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (i) none of the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives in respect of any shares of the Offeror;
- (ii) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares;
- (iii) none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (iv) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares; and
- (v) no person between whom there is arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code and the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or any of the Company’s associates by virtue of classes, (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors were aware, no litigation, arbitration or claim of material importance was pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

Save for the finance lease agreement entered into between Jin Zhai Tong Jing New Energy Limited, a subsidiary of the Company, (as the lessee) and China Resources Financial Leasing Co., Ltd.* (as the lessor), pursuant to which, the lessor has agreed to, among other things, (i) purchase certain leased assets from the lessee at a consideration of approximately RMB20,000,000, which will be paid to the lessee in one lump sum and (ii) lease back the leased assets to the lessee with the lease term of 36 months (with an option to renew for 7 years at the end of the 36 months) and the total lease payment is estimated to be approximately RMB22,219,000, of which the total rents will be paid by the lessee to the lessor in 12 instalments, as referred to in the announcement of the Company dated 12 October 2023, there have been no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by any member of the Group within two years immediately preceding the date on which the Offer Period commenced and up to the Latest Practicable Date.

9. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (i) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (ii) there was no agreement or arrangement between any Directors and any other person which is conditional on, or dependent upon, the outcome of the Offer or is otherwise connected with the Offer; and
- (iii) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

10. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within 6 months before the commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period:

Name of Director	Title	Commencement date of the service contract	Expiry date of the service contract	Remuneration per annum <i>(Note)</i>
Wu Jian Nong	executive Director	1 October 2021	30 September 2024	HK\$600,000
Shen Meng Hong	executive Director	3 August 2021	2 August 2024	HK\$300,000
Xu Shui Sheng	executive Director	1 October 2021	30 September 2024	HK\$300,000
Wang Xiaoxiong	independent non-executive Director	5 February 2022	4 February 2025	HK\$100,000
Zhou Yuan	independent non-executive Director	13 March 2023	12 March 2026	HK\$100,000
Shen Fuxin	independent non-executive Director	30 June 2023	29 June 2026	HK\$100,000

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any other member of the Group nor were there any other service agreements proposed to be entered into by any of the Directors which would not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

Note: Each of the Directors serves as a Board committee member from time to time during the term of their service contracts and receives variable emoluments for such roles, the amount of which is determined by the Board on an annual basis. For details of the Directors' total emoluments, please refer to Note 9 headed "Directors', Chief Executive's Remuneration" in the Notes to the Consolidated Financial Statements in the 2023 Annual Report, which was published on the websites of the Company and the Stock Exchange, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0629/2023062900364.pdf>

11. EXPERT AND CONSENT

The following are the name and qualification of the experts who have been engaged by the Company and named in this Composite Document or who have given opinion or advice which is contained in this Composite Document:

Name	Qualifications
TC Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer
Moore	Certified Public Accountants, the auditor of the Company

Each of TC Capital and Moore has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name in the form and context in which it appears.

12. MISCELLANEOUS

- (i) The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (ii) The address of the principal place of business of the Company in Room 701, 7th Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (iii) The Hong Kong branch share registrar of the Company is Union Registrars Limited, whose address is at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (iv) The principal business address of TC Capital is Suite 3508, 35/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (v) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

13. DOCUMENTS ON DISPLAY

In addition to the documents relating to the Offeror as set out in the paragraph headed “7. Documents on Display” as set out in Appendix VI to this Composite Document, copies of the following documents are available on display (i) on the website of the SFC at www.sfc.hk; and (ii) on the website of the Company at <http://www.tonkinggroup.com.hk> from the date of this Composite Document up to and including the Closing Date:

- (i) the amended and restated memorandum and articles of association of the Company adopted on 23 September 2022;
- (ii) the 2021 Annual Report, the 2022 Annual Report, the 2023 Annual Report and the 2023 Interim Report;
- (iii) the letter from the Board, the text of which is set out in this Composite Document;
- (iv) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (v) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (vi) the report from TC Capital dated 26 April 2024, the text of which is set out in Appendix III to this Composite Document;
- (vii) the report from Moore date 26 April 2024, the text of which is set out in Appendix IV to this Composite Document;
- (viii) the service contracts referred to under the section headed “10. Directors’ Service Contracts” in this Appendix V;
- (ix) the written consents referred to under the section headed “11. Expert and Consent” in this Appendix V;
- (x) the material contract referred to under the section headed “8. Material Contracts” in this Appendix V; and
- (xi) this Composite Document.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS IN THE COMPANY

For the purposes of paragraphs 2 to 3 in this Appendix VI, “interested” and “interests” have the same meaning as ascribed to these terms in Part XV of the SFO.

The Offeror confirms that, as at the Latest Practicable Date, save as disclosed below, none of the Offeror, the sole director of the Offeror, nor any person acting in concert with any of them owned or controlled any Shares, convertible securities, warrants, options or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares:

	As at the Latest Practicable Date	
	Number of Shares	Approximate % of shareholding
The Offeror	224,380,000	27.43%
Signkey Group Limited (<i>Note</i>)	<u>7,074,000</u>	<u>0.86%</u>
Subtotal: The Offeror and the Offeror Concert Parties	<u>231,454,000</u>	<u>28.29%</u>

Note: Signkey Group Limited, a company incorporated in the British Virgin Islands with limited liability, is 85.0%, 8.0%, 3.0%, 3.0% and 1.0% beneficially owned by Mr. Wu, Mr. Jiang Jianming, Mr. Xu Shui Sheng, Mr. Qiao Jianping and Ms. Shen Meng Hong, respectively. Signkey Group Limited is a member of the Offeror Concert Parties.

3. OTHER INFORMATION

As at the Latest Practicable Date:

- (i) save as disclosed in the section headed “2. Disclosure of Interests in the Company” in this Appendix VI, none of the Offeror or the parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) none of the Offeror or parties acting in concert with it had received any irrevocable commitment to accept or reject the Offer;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company between any person and the Offeror or parties acting in concert with it;
- (iv) there was no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke any condition to the Offer;
- (v) none of the Offeror or parties acting in concert with it had entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (vi) there was no understanding, arrangement, agreement or special deal between the Offeror or parties acting in concert with it on one hand and any Shareholder on the other hand;
- (vii) other than the Offer Price to be paid by the Offeror for each Offer Share, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it to the holders of the Offer Shares in connection with the Offer;
- (viii) there was no agreement, arrangement or understanding (including compensation arrangement) which exists between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (ix) none of the Offeror or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (x) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Offeror or the Offeror Concert Parties;
- (xi) save as disclosed in the section headed “4. Dealings in Securities” in this Appendix VI, none of the Offeror and parties acting in concert with it had dealt in the Shares, options, derivatives, warrants and/or other securities convertible into Shares during the Relevant Period;
- (xii) there was no arrangement whereby any Director would be given any benefit as compensation for loss of office or otherwise in connection with the Offer; and
- (xiii) the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Offer to any other persons and had no agreement, arrangement or understanding with any third party to do so.

4. DEALINGS IN SECURITIES

During the Relevant Period,

- (i) none of the Offeror and parties acting in concert with it had dealt in the Shares, options, derivatives, warrants and/or other securities convertible into Shares
- (ii) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it, had dealt for value in the Shares, options, derivatives, warrants and/or other securities convertible into Shares.

5. EXPERT AND CONSENT

The following is the name and qualification of the expert who has been engaged by the Offeror and named in this Composite Document or who has given opinions or advice which is contained in this Composite Document:

Name	Qualification
Astrum Capital	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, being the financial adviser to the Offeror in respect of the Offer and the offer agent to the Offeror

Astrum Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name, in the form and context in which they respectively appear.

6. GENERAL

- (a) As at the Latest Practicable Date, the Offeror was beneficially owned as to 96.0% by Mr. Wu, 3.0% by Mr. Xu Shui Sheng and 1.0% by Ms. Shen Meng Hong, and the sole director of the Offeror is Mr. Wu. The correspondence address of Mr. Wu is Building 92, Zijingyuan, Jiangdong Avenue, Jiangshan City, Zhejiang Province, PRC* (中國浙江省江山市江東大道紫荊園92幢). The correspondence address of Mr. Wu in Hong Kong is Room 701, 7/F, Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon, Hong Kong.
- (b) The Offeror is a company incorporated in the British Virgin Islands with limited liability. The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror in Hong Kong is 1/F, Chung Nam House, 59 Des Voeux Road, Central, Hong Kong.
- (c) The registered office of Astrum Capital is at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (d) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

7. DOCUMENTS ON DISPLAY

In addition to the documents set forth in the paragraph headed “13. Documents on display” as set out in Appendix V to this Composite Document, copies of the following documents are available on display (i) on the website of the SFC at www.sfc.hk; and (ii) on the website of the Company at <http://www.tonkinggroup.com.hk> from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from Astrum Capital, the text of which is set out in this Composite Document;
- (iii) the written consent referred to under the section headed “5. Expert and Consent” in this Appendix VI;
- (iv) this Composite Document and the accompanying Form of Acceptance.