TK NEW ENERGY

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

ANNUAL RESULTS

The board (the "Board") of Directors of the Company presents the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000*
Revenue	*3*	**766,108**	688,965
Costs of sales		**(669,599)**	(616,789)
Gross profit		**96,509**	72,176
Other income and gains, net	*4*	**3,996**	1,892
Provision for credit loss allowances on trade receivables, net		**(10,743)**	(468)
Provision for credit loss allowances on other receivables		**(1,148)**	(1,323)
Provision for credit loss allowances on contract assets, net		**(3,881)**	(1,682)
Administrative and other operating expenses		**(39,874)**	(29,381)
Finance costs	*5*	**(4,494)**	(3,945)
Profit before income tax	*6*	**40,365**	37,269
Income tax expense	*7*	**(6,497)**	(8,219)
Profit for the year		**33,868**	29,050
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(16,364)**	(22,479)
Other comprehensive loss for the year, net of income tax		**(16,364)**	(22,479)
Total comprehensive income for the year		**17,504**	6,571

	Note	2024 HK$'000	2023 HK$'000
Profit for the year attributable to:			
Owners of the Company		**32,822**	27,633
Non-controlling interests		**1,046**	1,417
		33,868	29,050
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**17,464**	6,808
Non-controlling interests		**40**	(237)
		17,504	6,571
Earnings per share attributable to the owners of the Company			
– Basic and diluted *(HK cents)*	*9*	**4.01**	3.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**31,549**	33,734
Right-of-use assets		**4,204**	4,875
Intangible assets		**2,813**	3,775
Deferred tax assets		**5,071**	3,057
		43,637	45,441
Current assets			
Inventories		**19,375**	16,893
Trade and bills receivables	*10*	**274,598**	184,696
Prepayments, deposits and other receivables		**92,668**	72,556
Contract assets		**124,897**	126,672
Amounts due from related parties		**801**	594
Restricted/pledged bank deposits		**48,959**	14,614
Cash and cash equivalents		**44,318**	54,617
		605,616	470,642
Current liabilities			
Trade and bills payables	*11*	**180,429**	121,522
Other payables and accruals		**8,845**	11,717
Matured promissory note		**47,544**	46,104
Contract liabilities		**27,305**	14,635
Amounts due to related parties		**11,477**	11,180
Bank and other borrowings		**34,756**	50,072
Lease liabilities		**33**	32
Tax payable		**2,415**	2,789
		312,804	258,051
Net current assets		**292,812**	212,591
Total assets less current liabilities		**336,449**	258,032

	Note	**2024**	2023
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**1,980**	2,122
Bank and other borrowings		**62,149**	–
		64,129	2,122
Net assets		**272,320**	255,910
Equity			
Share capital	*12*	**8,180**	8,180
Reserves		**245,720**	228,256
Equity attributable to the owners of the Company		**253,900**	236,436
Non-controlling interests		**18,420**	19,474
Total equity		**272,320**	255,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, the Cayman Islands. The address of its principal place of business is Room 701, 7th Floor, Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

In the opinion of the directors of the Company, the Company did not have any holding company or ultimate controlling shareholder that controlled the Company during the financial year ended 31 March 2024. Subsequent to the end of the reporting period, Rise Triumph Limited, which is incorporated in the British Virgin Islands (the "BVI") and is controlled by Mr. Wu Jian Nong ("Mr. Wu"), who is also an executive director and Chief Executive Officer of the Company, became the Company's immediate and ultimate holding company.

The Company is an investment holding company. The principal activities of its subsidiaries are renewable energy business in the People's Republic of China (the "PRC"). The Company and its subsidiaries are collectively referred to as the "Group".

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

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Application of new and amendments to HKFRSs effective from 1 April 2023

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the period beginning on 1 April 2023 for the preparation of the Group's consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts and related amendments*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform-Pillar Two Model Rules*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*

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

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provisions:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 31 March 2022;

(ii) the Group also, as at 31 March 2022, recognised a deferred tax asset (to the extent that it was probable that taxable profit would be available against which the deductible temporary difference could be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

Prior to the amendments, the Group applied the initial recognition exemption to lease transactions and had recognised the related deferred tax assets and liabilities on a net basis. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Changes in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group is obliged to pay LSP obligation to employees in Hong Kong under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). In June 2022, the Government of the HKSAR gazetted the Employee and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF_LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation, which had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in the consolidated financial statements.

3. SEGMENT INFORMATION AND REVENUE

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

Geographical information

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

Information about major customers

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

	2024	2023
	HK$'000	*HK$'000*
Customer A	**138,792**	N/A[1]
Customer B	**31,236**	243,531
Customer C	**88,566**	77,924
Customer D	**N/A[1]**	70,181
Customer E	**77,264**	N/A[1]

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

An analysis of revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Provision of one-stop value added solution for photovoltaic power stations	**211,247**	397,104
Sales of the patented photovoltaic tracking mounting bracket systems	**547,741**	283,586
Sales of electricity	**7,120**	8,275
	766,108	688,965

4. OTHER INCOME AND GAINS, NET

	2024	2023
	HK$'000	*HK$'000*
Government subsidies *(Note)*	**2,948**	1,118
Bank interest income	**878**	728
(Loss)/gain on disposal of property, plant and equipment	**(38)**	2
Others	**208**	44
	3,996	1,892

Note: During the years ended 31 March 2024 and 2023, the Group received the government subsidies which were granted to encourage renewable energy business development in the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies for both years.

5. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest expense on bank and other borrowings	**2,932**	2,376
Interest expense on promissory note	**1,440**	1,440
Interest expense on lease liabilities	**122**	129
	4,494	3,945

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2024	2023
	HK$'000	*HK$'000*
Directors' remuneration	**2,314**	2,067
Other staff costs		
– Salaries, wages, fees and other benefits	**18,888**	15,512
– Retirement benefit scheme contributions	**2,599**	2,151
	21,487	17,663
Auditor's remuneration	**700**	700
Amortisation of intangible assets	**774**	817
Depreciation of:		
– Property, plant and equipment	**2,785**	2,740
– Right-of-use assets	**423**	441
Short-term leases expenses		
– Premises	**12**	9
– Machinery, motor vehicles and other equipment	**2,099**	2,253
Cost of inventories sold recognised as expenses	**457,240**	244,138
Cost of materials used for construction contracts	**86,209**	223,666
Sub-contracting fees included in costs of sales	**123,025**	132,527
Tendering service fee	**6,151**	1,071
Research and development expenditure	**11,669**	6,832
Foreign exchange differences, net	**102**	45

7. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
The PRC Enterprise Income Tax		
– Current year	**8,553**	8,896
– Under-provision in prior year	**135**	190
	8,688	9,086
Deferred tax	**(2,191)**	(867)
	6,497	8,219

8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 March 2024, nor has any dividend been declared or proposed since the end of the reporting period (2023: Nil).

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

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

	2024	2023
Profit		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share *(in HK$'000)*	**32,822**	27,633
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**818,000,000**	818,000,000

There were no potential ordinary shares in issue for the year ended 31 March 2024 (2023: Nil).

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables, gross	**271,728**	176,054
Less: Provision for credit loss allowances on trade receivables	**(19,394)**	(9,228)
Trade receivables, net	**252,334**	166,826
Bills receivables	**22,264**	17,870
Total trade and bills receivables, net	**274,598**	184,696

The Group granted credit periods from 30 to 90 days (2023: 30 to 90 days) to customers for sales of the patented photovoltaic tracking mounting bracket systems and provision of one-stop value added solution for photovoltaic power stations, while no credit period was granted to the state-owned grid companies in relation to sales of electricity (2023: Nil). The Group does not hold any collateral in relation to these receivables.

Included in the Group's trade receivables were tariff subsidy receivables amounting to approximately Renminbi ("RMB")13,312,000 (equivalent to approximately HK$14,432,000) (2023: RMB11,948,000 (equivalent to approximately HK$13,659,000)) which represented the government subsidies on renewable energy projects to be received from the state-owned grid companies. The tariff subsidy receivables will be settled upon the Ministry of Finance's (the "MoF") allocation of the national renewable energy fund to the state-owned grid companies. The MoF does not set out a rigid timetable for the settlement of tariff subsidy receivables. In the opinion of the directors, given the collection of tariff subsidy receivables is well supported by the government policy, all tariff subsidy receivables were expected to be fully recoverable. As the collection of tariff subsidy receivables is expected in the normal operating cycle, they are classified as current assets. The Group received tariff subsidies of RMB6,097,000 (equivalent to approximately HK$6,672,000) during the year ended 31 March 2024 (2023: RMB14,525,000 (equivalent to approximately HK$16,605,000)).

Included in trade receivables is an amount of approximately HK$94,038,000 (2023: HK$37,783,000), which was unbilled and has been classified under '0-30 days' in the below ageing analysis. The ageing analysis of trade and bills receivables, net of provision for credit loss allowances, by invoice date at year end is as follows:

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**103,071**	51,242
31-90 days	**69,296**	43,211
91-180 days	**44,997**	60,162
181-365 days	**18,766**	18,365
Over 365 days	**38,468**	11,716
	274,598	184,696

11. TRADE AND BILLS PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**172,505**	105,965
Bills payables	**7,924**	15,557
	180,429	121,522

Included in trade payable is an amount of approximately HK$35,128,000 (2023：HK$24,391,000) which was unbilled and has been classified under '0-30 days' in the below ageing analysis. An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**108,926**	50,497
31-90 days	**33,074**	55,133
91-180 days	**22,320**	11,666
181-365 days	**10,987**	1,383
Over 365 days	**5,122**	2,843
	180,429	121,522

The trade payables are non-interest-bearing and generally have payment terms of 30 to 90 days (2023：30 to 90 days).

12. SHARE CAPITAL

Ordinary shares of HK$0.01 each	**Number of ordinary share**	**Share capital** *HK$'000*
Authorised		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	2,000,000,000	20,000
Issued and fully paid		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	818,000,000	8,180

BUSINESS REVIEW AND FUTURE PROSPECTS

Renewable Energy Business

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

As of 31 March 2024, Tonking New Energy Technology (Shanghai) Limited*（同景新能源科技（上海）有限公司）has 2 wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited*（同景新能源科技（江山）有限公司）and Lin Yi Shi Tong Jing New Energy Limited*（臨沂市同景新能源有限公司）, as well as 1 non-wholly-owned holding company, namely, Jin Zhai Xian Tong Jing New Energy Limited*（金寨縣同景新能源有限公司）.

During the reporting period, our renewable energy business recorded a total revenue of approximately HK$766,108,000 (2023: approximately HK$688,965,000), which was mainly attributable to the provision of one-stop value-added solutions for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems.

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

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

In order to stabilize the Group's market share in bracket products and maintain the market competitiveness of the products, the Group has developed a multi-point linkage bracket system with safety and stability as the breakthrough point through professional calculation software such as PVsyst, Ansys and Sap2000 and finite element analysis, while continuously improving its technology and advancement. Based on the original technology, the system has been technically upgraded for the core transmission system, which has adopted a torque transmission system that can adapt to the complex environment and terrain instead of the original push rod transmission system. And it has carried out a modular design for the entire bracket system, with each module designed with a stable self-locking mechanism, which has further upgraded the safety performance of the bracket products. The Group has developed adaptable steel cable brackets, with the characteristics of wide-span, multi-span, high headroom, multi-scenario, high-capacity, and low steel consumption for projects in special scenarios, such as mountain areas with steep slopes, and industrial and commercial plants.

With the advancement of photovoltaic projects, fresh water surface resources are rapidly consumed, and the sea area with better offshore conditions has become the new focus of water surface photovoltaic projects. In quick response to the market demand, the Group has made great efforts to develop floating photovoltaic brackets on the sea surface, designed and developed a floating photovoltaic bracket on the sea surface, and studied the use of materials resistant to complex environmental conditions including weather-resistant and acid/alkali-resistant to create photovoltaic brackets that can meet the needs of the complex environment on the sea surface. At the same time, the Group has adopted a mode of module installation that can adapt to the complex conditions of the sea surface, with a view to pushing the existing photovoltaic projects towards the sea surface.

As the proportion of photovoltaic power generation grows and the grid regulation capacity is insufficient, and facing the problem of insufficient reliability and flexibility of distributed new energy, the Group has developed a hilltop-type gravitational energy storage system, which solves the problems of market mechanism, grid access, regulation optimization and maintenance coordination of new flexible resources or subjects and replaces chemical energy storage to solve the difficulties in subsequent recycling.

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

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2024, the Group recorded revenue of approximately HK$766,108,000, representing an increase of approximately 11% compared with approximately HK$688,965,000 of the corresponding period in 2023.

Costs of sales

The costs of sales for the year ended 31 March 2024 was approximately HK$669,599,000 (2023: approximately HK$616,789,000). The costs were derived from the renewable energy business which was mainly represented by the cost of materials and supplies, subcontracting charges, labour costs, transportation, machine and vehicle rental expenses and other expenses.

Total administrative and other operating expenses

Total administrative and other operating expenses increased by approximately 36% to approximately HK$39,874,000 for the year ended 31 March 2024 from approximately HK$29,381,000 for the corresponding period in 2023. The increase was in line with the increase in revenue during the year.

Net profit

For the year ended 31 March 2024, the Group recorded a profit attributable to the owners of the Company of approximately HK$32,822,000 (2023: approximately HK$27,633,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2024, the total number of issued shares of the Company is 818,000,000.

As at 31 March 2024, the share capital and equity attributable to the owners of the Company amounted to HK$8,180,000 and approximately HK$253,900,000 respectively (2023: HK$8,180,000 and approximately HK$236,436,000 respectively).

Cash position

As at 31 March 2024, the cash and cash equivalents and restricted/pledged bank deposits of the Group amounted to approximately HK$44,318,000 (2023: approximately HK$54,617,000) and HK$48,959,000 (2023: approximately HK$14,614,000), respectively, representing an increase of approximately 35% in aggregate as compared to that as at 31 March 2023.

Bank borrowings

During the year, the Group has borrowed short-term bank loans and other borrowing amounted to approximately HK$34,756,000 (2023: approximately HK$50,072,000) which bear weighted average effective interest rate of 3.7% (2023: 4.2%) per annum; the Group also has borrowed long-term bank loans and other borrowing amounted to approximately HK$62,149,000 (2023: Nil) which bear weighted average effective interest rate of 3.4% (2023:Nil) per annum.

Gearing ratio

As at 31 March 2024, the gearing ratio of the Group was approximately 37% (2023: approximately 30%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade and bills payables, other payables and accruals, contract liabilities and tax payable.

Exchange rate exposure

The Group is principally engaged in the renewable energy business in the PRC. As the renewable energy business segment of the Group has subsidiaries operating in the PRC, in which most of their transactions are denominated in Renminbi, the Group is exposed to foreign exchange fluctuations in Renminbi.

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

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

There were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 March 2024.

Contingent Liabilities

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

Capital Commitment

As at 31 March 2024, the Group had no material capital commitments (2023: Nil).

Employees and Emolument Policies

The Group had 128 employees (including Directors) as at 31 March 2024 (2023: 128 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses for the renewable energy businesses. The remuneration packages are subject to review on a regular basis.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group's credit risk is primarily attributable to contract assets, trade and bills receivables, other receivables and refundable deposits, amounts due from related parties, restricted/pledged bank deposits and cash and cash equivalents.

Interest rate risk

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

Liquidity risk

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

The Group's Environmental, Social and Governance Report for the year ended 31 March 2024 is included in its annual report.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers.

The Group also maintains a good relationship with its suppliers.

During the year ended 31 March 2024, there was no material dispute on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 March 2024 is set out in the section headed "Five Years' Financial Summary" of the annual report.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix C1 to the GEM Listing Rules.

During the year ended 31 March 2024, the Company has complied with all the applicable code provisions of the Code contained in Appendix C1 to the GEM Listing Rules, except for the deviation from code provision C.2.1 as described below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 March 2024.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

All the independent non-executive Directors are delegated with the authority to review the non-competition confirmation given by, among others, Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong. The independent non-executive Directors were not aware of any non-compliance of the non-competition confirmation given by Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong during the year ended 31 March 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2024.

AUDIT COMMITTEE

Review by Audit Committee

The Company has established an audit committee with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs D.3.3 and D.3.7 of the Code. The audit committee has three members comprising the three independent non-executive Directors, namely Ms. Wang Xiaoxiong, Mr. Zhou Yuan and Mr. Shen Fuxin. The chairman of the audit committee is Ms. Wang Xiaoxiong. The audit committee of the Company has reviewed the audited annual results of the Group for the year ended 31 March 2024.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2024 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore CPA Limited (formerly, Moore Stephens CPA Limited), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL REPORT

The 2024 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at http://www.tonkinggroup.com.hk and the "HKExnews" website of the Stock Exchange at http://www.hkexnews.hk.

APPRECIATION

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

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

Hong Kong, 28 June 2024

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

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

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

* *For identification purpose only*