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TK NEW ENERGY

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)

DISCLOSEABLE TRANSACTION SUBSCRIPTION FOR WEALTH MANAGEMENT PRODUCT

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The Group has subscribed tranches of Wealth Management Products issued by CMB since 25 April 2021, including WMP (T1) in the amount of RMB2,000,000 on 25 April 2021, WMP (T2) in the amount of RMB3,000,000 on 2 June 2021 and WMP (T3) in the amount of RMB7,500,000 on 2 August 2021 respectively.

GEM RULES IMPLICATION

Referencing to the low-risk and high-degree-of-security nature of the Wealth Management Products, the Company considered, as at the time of entering into the above transactions, that the nature of the Wealth Management Products was akin to a bank deposit which does not constitute a “transaction” under Chapter 19 of the GEM Rules. Subsequently, the Company consulted its legal adviser and understood that the above transactions constitute notifiable transactions under Chapter 19 of the GEM Rules.

* *For identification purpose only*

The Company admits its delay in compliance with the said requirements under the GEM Rules due to the above reasons. The Company understands that it should have published an announcement as soon as possible in accordance with Rule 19.34 of the GEM Rules as and when the obligation for the Subscription arises.

WMP (T1) and WMP (T2)

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Rules) in respect of the transaction under each of WMP (T1) and WMP (T2), on a standalone basis, are both less than 5%, the Subscription for each of WMP (T1) and WMP (T2), on a standalone basis, does not constitute a discloseable transaction of the Company under GEM Rules.

Nevertheless, as WMP (T1) and WMP (T2) have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder are carried out within 12 months prior to the transaction time of WMP (T2) (i.e. 2 June 2021), such transactions are required to be aggregated pursuant to Rule 19.22 of the GEM Rules. As one of the applicable percentage ratios in respect of the transactions under WMP (T1) and WMP (T2), when aggregated, exceeds 5% but all of them are less than 25%, the Subscriptions for WMP (T1) and WMP (T2) on an aggregated basis constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the GEM Rules.

WMP (T3)

Regarding WMP (T3), under the GEM Rules, as one of the applicable percentage ratios in respect of the transaction under WMP (T3), on a standalone basis, exceeds 5% but all are less than 25%, the Subscription for WMP (T3), on a standalone basis, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 19 of the GEM Rules.

As WMP (T1), WMP (T2) and WMP (T3) have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder are carried out within 12 months prior to the transaction time of WMP (T3) (i.e. 2 August 2021), such transactions are required to be aggregated pursuant to Rule 19.22 of the GEM Rules. As one of the applicable percentage ratios in respect of the transactions under WMP (T1), WMP (T2) and WMP (T3), when aggregated, exceeds 5% but all of them are less than 25%, the Subscriptions for WMP (T1), WMP (T2) and WMP (T3) on an aggregated basis constitute a discloseable transaction of the Company. Nevertheless, the aggregation does not result in a higher transaction classification and therefore is not subject to additional rule requirements. Accordingly, the Subscriptions for WMP (T1), WMP (T2) and WMP (T3) on an aggregated basis are not subject to the additional reporting, announcement and shareholders' approval requirement under Chapter 19 of the GEM Rules.

Introduction

The Group has subscribed tranches of Wealth Management Products issued by CMB since 25 April 2021, including WMP (T1) in the amount of RMB2,000,000 on 25 April 2021, WMP (T2) in the amount of RMB3,000,000 on 2 June 2021 and WMP (T3) in the amount of RMB7,500,000 on 2 August 2021 respectively.

Subscription for Wealth Management Products

The major terms of the Wealth Management Products are set out as follows:

Date of Subscription	:	25 April 2021, 2 June 2021 and 2 August 2021
Parties	:	(a) Tonking New Energy Technology (Jiangshan) Limited (同景新能源科技(江山)有限公司), Tonking New Energy Technology (Shanghai) Limited (同景新能源科技(上海)有限公司) (both are indirect wholly owned subsidiaries of the Company); and (b) CMB
Name of the product	:	CMB Chaozhaojin (Multi-Stable) Wealth Management Scheme (招商銀行朝招金(多元穩健型)理財計劃)
Date of inception	:	10 January 2012
Scheduled expiry date	:	10 January 2040
Lock-up period	:	During the Lock-up period from 10 January 2012 to 9 February 2012, Wealth Management Products were not available for subscription and redemption.
Type of return	:	Non-principal guaranteed with floating return
Administrator, sales institution and custodian	:	CMB
Principal of the Subscription	:	RMB2,000,000 (WMP (T1)), RMB3,000,000 (WMP (T2)) and RMB7,500,000 (WMP (T3))
Annualised maximum rate of return	:	2.94% (after deducting relevant fees)
Method of determining the annualised rate of return	:	The rate of return of the Wealth Management Products varies with investment return.

During the duration of the Wealth Management Products (i.e. from the date of inception to scheduled expiry date and after the lock-up period), CMB calculates the rate of return in every Working Day based on the actual investment operation of the Wealth Management Products (after deducting the relevant fees), and announces it on the next Working Day

Investment scope	:	all kinds of bank deposits, inter-bank lending, financial assets and financial instruments from interbank and exchange market, whether directly or indirectly, including but not limited to bank deposits, certificates of deposit, bonds, interbank deposit, asset-backed securities, assets held under resale agreements and financial assets and financial instruments with fixed income such as money market funds and assets management products with the underlying of money market instruments and creditor assets that meet regulatory requirements, of which cash or treasury bonds, central bank bills and policy-based financial bonds due within one year shall account for no less than 5% of the net assets of the products.
Fixed investment management fees	:	annualised rate of 0.3% based on the principal of the Subscription
Sales service fees	:	annualised rate of 0.2% based on the principal of the Subscription
Custodian fees	:	annualised rate of 0.03% based on the principal of the Subscription
Term of the product	:	During the duration of the Wealth Management Products, the Wealth Management Products can be subscribed for or redeemed on any Working Day
Redemption of the product	:	(1) Redemption Period: During the duration of the Wealth Management Products, the redemption period is from 09:30 to 16:00 every Working Day, during which the investors can submit a redemption application.

(2) Requirement for the redemption amount:

The redemption amount should be 1 share or an integral multiple of 1 share (RMB1 per share) and investors can redeem their Wealth Management Products in whole or in part. After partial redemption, the real time balance of Wealth Management Products held by investors should not be less than 10,000 shares and if less than such amount, it will be fully redeemed by the system automatically.

(3) Redemption method and redemption confirmation day:

(i) Full redemption

In the case of a full redemption by the investors, CMB will confirm the validity of the redemption applications submitted at different times in the following ways to deduct shares and pay the principal and return for investors:

Redemption application time	Redemption confirmation method	Redemption confirmation day
Every Working Day from 9:30 to 16:00	After the redemption application is approved, the principal and wealth management return for the balance of the Wealth Management Products held by the investors on that day will be transferred to their designated accounts at once.	The day when the application is approved

(ii) Partial redemption

In the case of a partial redemption by the investors, CMB will confirm the validity of the redemption applications in a full redemption method for the principal redeemed by the investors on that day, so as to deduct shares and pay the principal for investors. Investors' wealth management return for the principal partially redeemed on that day will only be transferred to their designated accounts within 3 Working Days from the dividend registration date each month (being the first day of each month (extended for holidays)) or carried forward as product shares (extended for holidays).

As at the date of this announcement, the Group has not redeemed any of the Wealth Management Products.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Directors confirm that the consideration in relation to the Subscriptions were determined by the Group and CMB on an arms' length basis and based on normal commercial terms after taking into account the idle cash resources of the Group available for the purpose of cash management, as well as the risk level, investment terms and annualised rate of return of the Wealth Management Products.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

In order to enhance the capital efficiency as well as the return from capital operation, the Group reasonably utilises the idle cash resources of the Company available for the purpose of cash management to subscribe for the Wealth Management Products issued by commercial banks in the PRC to earn additional income without affecting its normal operations. In addition, the Wealth Management Products offer a better potential return to the Group when compared to the deposit interest rates generally offered by commercial banks in the PRC. The Company closely and effectively monitored and managed the Wealth Management Products on an ongoing basis and up to and as at the date of this announcement, the Group did not incur any loss on those products.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Wealth Management Product are determined on normal commercial terms and are fair and reasonable, and that the entering into of the said transactions is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND CMB

The Company

The principal business activity of the Company is investment holding, the Group is principally engaged in the renewable energy business in the PRC.

CMB

CMB is a commercial bank established in the PRC with the approval of the China Banking Regulatory Commission.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, CMB and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

GEM RULES IMPLICATION

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WMP (T1) and WMP (T2)

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Nevertheless, as WMP (T1) and WMP (T2) have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder are carried out within 12 months prior to the transaction time of WMP (T2) (i.e. 2 June 2021), such transactions are required to be aggregated pursuant to Rule 19.22 of the GEM Rules. As one of the applicable percentage ratios in respect of the transactions under WMP (T1) and WMP (T2), when aggregated, exceeds 5% but all of them are less than 25%, the Subscriptions for WMP (T1) and WMP (T2) on an aggregated basis constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the GEM Rules.

WMP (T3)

Regarding WMP (T3), under the GEM Rules, as one of the applicable percentage ratios in respect of the transaction under WMP (T3), on a standalone basis, exceeds 5% but all are less than 25%, the Subscription for WMP (T3), on a standalone basis, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 19 of the GEM Rules.

As WMP (T1), WMP (T2) and WMP (T3) have the same counterparty and are of similar transaction nature and product structure, and the transactions thereunder are carried out within 12 months prior to the transaction time of WMP (T3) (i.e. 2 August 2021), such transactions are required to be aggregated pursuant to Rule 19.22 of the GEM Rules. As one of the applicable percentage ratios in respect of the transactions under WMP (T1), WMP (T2) and WMP (T3), when aggregated, exceeds 5% but all of them are less than 25%, the Subscriptions for WMP (T1), WMP (T2) and WMP (T3) on an aggregated basis constitute a discloseable transaction of the Company. Nevertheless, the aggregation does not result in a higher transaction classification and therefore is not subject to additional rule requirements. Accordingly, the Subscriptions for WMP (T1), WMP (T2) and WMP (T3) on an aggregated basis are not subject to the additional reporting, announcement and shareholders' approval requirement under Chapter 19 of the GEM Rules.

REMEDIAL MEASURES

The Company deeply regrets its non-compliance with the GEM Rules but the Company would like to stress that the non-compliance of the GEM Rules was inadvertent and unintentional. To prevent the re-occurrence of similar incidents in the future, the Company has implemented the following remedial actions with immediate effect:

1. the Company shall enhance the training provided to the Directors, the senior management and staff of the business units of the Group, including inviting external legal advisors of the Company to give seminars on the compliance requirements and practical knowledge of notifiable transactions to its staff on a regular basis, so as to reinforce their understanding of and importance of compliance with the GEM Rules;
2. the Company shall also remind its management and the respective person-in-charge of the Group's business units to report those transactions which may constitute potential notifiable transactions to the office of the Board for approval and assessment of the disclosure obligations prior to the entering into of those transactions; and
3. the Company shall maintain closer cooperation with the accounting department and professional advisers of the Company in relation to regulatory compliance.

The Company takes this opportunity to emphasize that the Group shall continue to enhance its internal control management and strictly control the audit regarding compliance and risk control matters of its businesses, thereby avoiding the re-occurrence of similar incidents. Going forward, the Group will continue to comply with the management procedures of its investments on various products and make appropriate disclosure in a timely manner to ensure compliance with the GEM Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Board”	board of Directors
“CMB”	China Merchants Bank, a joint stock limited company established in the PRC; for the purpose of this announcement including its Shanghai Zhangyang Branch and Quzhou Branch
“Company”	Tonking New Energy Group Holdings Limited (同景新能源集團控股有限公司), a company incorporated in the Cayman Islands on 21 June 2013, the shares of which are listed on the GEM Board of the Stock Exchange (Stock code: 8326)
“connected person(s)”	has the same meaning as ascribed to it under the GEM Rules
“Director(s)”	director(s) of the Company
“GEM Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiary
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“percentage ratio”	has the same meaning as ascribed to it under the GEM Rules (applicable to transactions)
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the Group’s subscription for the Wealth Management Product issued by CMB
“Wealth Management Product”	the Wealth Management Product issued by CMB named “CMB Chaozhaojin (Multi-Stable) Wealth Management Scheme”, which was subscribed by the Group on 25 April 2021, 2 June 2021 and 2 August 2021 respectively
“WMP (T1)”	the Wealth Management Product issued by CMB in the amount of RMB2,000,000 which was subscribed by the Company on 25 April 2021
“WMP (T2)”	the Wealth Management Product issued by CMB in the amount of RMB3,000,000 which was subscribed by the Company on 2 June 2021
“WMP (T3)”	the Wealth Management Product issued by CMB in the amount of RMB7,500,000 which was subscribed by the Company on 2 August 2021
“Working Day”	national statutory working day of the PRC
“%”	per cent

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

Hong Kong, 10 December 2021

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

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website (www.hkexnews.hk) for 7 days from the date of its posting and will also be published on the Company’s website (www.tonkinggroup.com.hk).