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TK NEW ENERGY

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

FINANCIAL HIGHLIGHTS

- Revenue for the three months ended 30 June 2023 increased by approximately 50% to approximately HK\$180,801,000 (2022: approximately HK\$120,589,000).
- Profit attributable to owners of the Company for the three months ended 30 June 2023 amounted to approximately HK\$7,989,000 (2022: profit attributable to owners of the Company of approximately HK\$4,412,000).
- Basic and diluted earnings per share attributable to ordinary equity holders of the Company for the three months ended 30 June 2023 was approximately HK\$0.0098 (2022: basic and diluted earnings per share of approximately HK\$0.0054).
- The Board does not recommend the payment of dividend for the three months ended 30 June 2023 (2022: nil).

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the “Group”) for the three months ended 30 June 2023, together with the unaudited comparative figures for the respective corresponding periods in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

		Three months ended 30 June	
		2023	2022
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	180,801	120,589
Contact costs and cost of sales	4	(167,109)	(107,943)
Gross profit		13,692	12,646
Other income	3	3,175	3,967
Administrative and other operating expenses		(5,856)	(7,787)
Finance cost		(829)	(920)
PROFIT BEFORE TAX	4	10,182	7,906
Income tax expense	5	(1,707)	(3,033)
PROFIT FOR THE PERIOD		8,475	4,873
Attributable to:			
Owners of the Company		7,989	4,412
Non-controlling interests		486	461
		8,475	4,873
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	6	0.98	0.54

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	8,475	4,873
OTHER COMPREHENSIVE EXPENSE		
<i>Other comprehensive expense to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(16,085)</u>	<u>(16,116)</u>
Other comprehensive expense, net of tax	<u>(16,085)</u>	<u>(16,116)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<u>(7,610)</u>	<u>(11,243)</u>
Attributable to:		
Owners of the Company	(7,088)	(10,516)
Non-controlling interests	<u>(522)</u>	<u>(727)</u>
	<u>(7,610)</u>	<u>(11,243)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Attributable to owners of the Company						Non- controlling interests	Total Equity
	Issued capital	Share premium	Statutory reserves	Exchange fluctuation reserves	Retained profits	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2023 (audited)	8,180	71,725	19,546	(7,143)	144,128	236,436	19,474	255,910
Profit for the period	-	-	-	-	7,989	7,989	486	8,475
Other comprehensive expense for the period	-	-	-	(15,077)	-	(15,077)	(1,008)	(16,085)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	-	-	(15,077)	7,989	(7,088)	(522)	(7,610)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023 (unaudited)	8,180	71,725	19,546	(22,220)	152,117	229,348	18,952	248,300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2022 (audited)	8,180	71,725	12,885	13,682	123,156	229,628	22,228	251,856
Profit for the period	-	-	-	-	4,412	4,412	461	4,873
Other comprehensive expense for the period	-	-	-	(14,928)	-	(14,928)	(1,188)	(16,116)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	-	-	(14,928)	4,412	(10,516)	(727)	(11,243)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022 (unaudited)	8,180	71,725	12,885	(1,246)	127,568	219,112	21,501	240,613
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

1. GENERAL INFORMATION

Tonking New Energy Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies law of the Cayman Islands. The shares of the Company have been listed on GEM of the Stock Exchange with effect from 21 November 2013. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Room 701, 7th Floor, Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

During the three months ended 30 June 2023, the Group is principally engaged in the renewable energy business in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 June 2023 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2023 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2023, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2023. The unaudited condensed consolidated financial statements for the three months ended 30 June 2023 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements included in the annual report of the Company dated 26 June 2023.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2023 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2023.

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

The unaudited condensed consolidated financial statements for the three months ended 30 June 2023 have been prepared under the historical cost convention.

3. REVENUE AND OTHER INCOME

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Construction contracts	180,801	120,589
	<hr/>	<hr/>
Other income		
Interest income	697	710
Others	2,478	3,257
	<hr/>	<hr/>
	3,175	3,967
	<hr/>	<hr/>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	196	216
Depreciation	586	604
Contract costs:		
Cost of construction material and supplies	98,958	97,607
Subcontracting charges and labour costs	65,434	9,705
Transportation	158	179
Machine and vehicle rental	511	180
Other expenses	2,048	272
	<hr/>	<hr/>
	167,109	107,943
	<hr/>	<hr/>
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	1,986	1,687
Retirement benefits scheme contributions	249	253
	<hr/>	<hr/>
	2,235	1,940
	<hr/>	<hr/>
Exchange differences, net	99	(10)
	<hr/>	<hr/>

5. INCOME TAX EXPENSE

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong		
– charge for the period	–	–
Current tax – PRC		
– charge for the period	1,707	3,033
	<u>1,707</u>	<u>3,033</u>
	<u>1,707</u>	<u>3,033</u>

Hong Kong

No provision for Hong Kong Profits Tax has been recognised in the condensed consolidated financial statements for the three months ended 30 June 2023 as the Group does not have any profit which arises in or is derived from Hong Kong (2022: Nil).

PRC

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

Under the PRC Enterprise Income Tax Law (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2009 onwards.

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

For the three months ended 30 June 2023, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated earnings attributable to owners of the Company of approximately HK\$7,989,000 and (ii) the weighted average number of ordinary shares 818,000,000 in issue.

For the three months ended 30 June 2022, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated earnings attributable to owners of the Company of approximately HK\$4,412,000 and (ii) the weighted average number of ordinary shares 818,000,000 in issue.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three months ended 30 June 2023 and 2022.

7. DIVIDENDS

No dividend has been paid or declared by the Company for the three months ended 30 June 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

Renewable Energy Business

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

As of 30 June 2023, Tonking New Energy Technology (Shanghai) Limited* (同景新能源科技(上海)有限公司) has 2 wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited* (同景新能源科技(江山)有限公司) and Lin Yi Shi Tong Jing New Energy Limited* (臨沂市同景新能源有限公司), as well as 1 non-wholly-owned holding company, namely, Jin Zhai Xian Tong Jing New Energy Limited* (金寨縣同景新能源有限公司).

During the reporting period, our renewable energy business recorded a total revenue of approximately HK\$180,801,000 (2022 corresponding period: HK\$120,589,000), which was mainly attributable to the provision of one-stop value-added solutions for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems. During the reporting period, the total contracted installed capacity of the Group was 79.99MW.

During the reporting period, new contracts signed or awarded were as follows:

- (1) In April 2023, Tonking New Energy (Jiangshan) Limited and Jiangxi Yanmin Trading Co., Ltd.* (江西省彥旻貿易有限公司) entered into the Flat Uniaxial Project of Hanfang
- (2) In April 2023, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the Sunshine New Energy Tracking Bracket Project (Phase III) in Xuancheng
- (3) In April 2023, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the Photovoltaic Project of Sunlight Collective in Family
- (4) In April 2023, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Liangqing 10mw Mounting Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.
- (5) In April 2023, Tonking New Energy (Jiangshan) Limited and Jiangshan Jiangneng Photovoltaic Technology Co., Ltd.* (江山市江能光伏科技有限公司) entered into the Rooftop Distributed Photovoltaic Power Generation Project (Zhejiang Sanrun Electronics (浙江三潤電子) 0.4 MW) of Jiangshan

* For identification purposes only

- (6) In April 2023, Tonking New Energy (Jiangshan) Limited and Huadian (Zhejiang) New Energy Co., Ltd.* (華電(浙江)新能源有限公司) entered into the Zhejiang Huadian's 8MWp Decentralized Photovoltaic Power Project for Kaishan Group in Quzhou Intelligent Manufacturing City
- (7) In May 2023, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Liangqing 16MW Mounting Bracket Project of Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.
- (8) In May 2023, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the Centralized Purchasing Project of Sunlight Room Bracket of Sungrow New Energy Development Co., Ltd.*
- (9) In May 2023, Tonking New Energy (Jiangshan) Limited and Jiangshan Jiangneng Photovoltaic Technology Co., Ltd.* (江山市江能光伏科技有限公司) entered into the Rooftop Decentralized Photovoltaic Power Generation Project (0.8 MW Phase I Project of Laying Hen Breeding Demonstration Park in Tanshi Town) in Jiangshan
- (10) In May 2023, Tonking New Energy (Jiangshan) Limited and Zhejiang Baiwan Door Product Co., Ltd.* (浙江百家萬安門業有限公司) entered into the 630KW Rooftop Photovoltaic Power Generation Project at Headquarters of Zhejiang Yadilo Holding Co., Ltd.
- (11) In May 2023, Tonking New Energy (Jiangshan) Limited and Jiangshan Transformer Joint Stock Co., Ltd.* (江山變壓器股份有限公司) entered into the 1.6MW Photovoltaic Power Generation Project of Jiangshan Transformer Joint Stock Co., Ltd.
- (12) In May 2023, Tonking New Energy (Jiangshan) Limited and Zhejiang Defu Door Industry Co., Ltd. (浙江德福門業有限公司) entered into the 250kWp Rooftop Decentralized Photovoltaic Power Generation Project of Zhejiang Defu Door Industry Co., Ltd.
- (13) In June 2023, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the Household Bracket Complementary Project of Sungrow New Energy
- (14) In June 2023, Tonking New Energy (Jiangshan) Limited and Qinghai Western Hydropower Co., Ltd.* (青海西部水電有限公司) entered into the Flat Single Axis Project of Qinghai Western
- (15) In June 2023, Tonking New Energy (Jiangshan) Limited and Zhejiang Tianlin Industrial Co., Ltd. * (浙江天林實業有限公司) entered into the Rooftop Decentralized Photovoltaic Power Generation Project of Zhejiang Tianlin Industrial Co., Ltd.
- (16) In June 2023, Tonking New Energy (Jiangshan) Limited and Zhejiang Hengchang Industrial Co., Ltd.* (浙江恒昌實業集團有限公司) entered into the Rooftop 250.8KWp Photovoltaic Project of Hengchang Industrial

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

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

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

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

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

FINANCIAL REVIEW

Revenue

For the three months ended 30 June 2023, the Group recorded revenue of approximately HK\$180,801,000 (2022: HK\$120,589,000), representing an increase of approximately 50% compared with the three months ended 30 June 2022.

Contract Costs

The contract costs for the three months ended 30 June 2023 was approximately HK\$167,109,000 (2022: HK\$107,943,000). The costs were derived from the renewable energy business which was mainly attributable to the cost of construction materials and supplies, subcontracting charges and labour costs, transportation, machine and vehicle rental and other expenses.

Total administrative and other operating expenses

Total administrative and other operating expenses decreased by approximately 25% to approximately HK\$5,856,000 for the three months ended 30 June 2023 from approximately HK\$7,787,000 for the corresponding period in 2022.

Finance costs

Finance costs amounted to approximately HK\$829,000 for the three months ended 30 June 2023 (2022: HK\$920,000).

Profit for the period

The Group recorded profit attributable to owners of the Company of approximately HK\$7,989,000 (2022: HK\$4,412,000).

Liquidity, Financial and Capital Resources

Capital structure

As at 30 June 2023, the share capital and equity attributable to owners of the Company amounted to HK\$8,180,000 and approximately HK\$229,348,000 respectively (2022: HK\$8,180,000 and approximately HK\$219,112,000 respectively).

Cash position

As at 30 June 2023, the cash and cash equivalents and restricted bank deposits of the Group amounted to approximately HK\$71,706,000 (2022: approximately HK\$29,456,000) and HK\$21,728,000 (2022: approximately HK\$31,779,000), respectively, representing an increase of approximately 53% in aggregate as compared to that as at 30 June 2022.

Borrowing

As at 30 June 2023, borrowing of the Group amounted to approximately HK\$74,837,000 (2022: HK\$38,587,000).

During the three months ended 30 June 2023, the Group has borrowed a short-term bank loan amounted to approximately HK\$63,991,000 with interest rate of 4.4% per annum and a long-term bank loan amounted to approximately HK\$10,846,000 with interest rate of 3.81% per annum.

Gearing ratio

As at 30 June 2023, the gearing ratio of the Group was approximately 35% (2022: approximately 29%). The gearing ratio is calculated based on the total debt at the end of the period divided by the total debt plus total equity at the end of the respective period. Total debt represents all liabilities excluding trade payables, bills payable, other payables and accruals, receive in advance, tax payable and provision for reinstatement costs.

CORPORATE GOVERNANCE CODE

During the three months ended 30 June 2023, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision C.2.1 as described below.

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.

COMPETING BUSINESS

For the three months ended 30 June 2023, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the three months ended 30 June 2023.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares (the “Shares”), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Directors	Capacity	Number of ordinary shares interested	Approximate percentage of shareholding
Mr. Wu Jian Nong	Interest of controlled corporation (<i>Note</i>)	231,454,000	28.30%

Note:

These 231,454,000 Shares are totally held by Rise Triumph Limited and Signkey Group Limited, of which 224,380,000 shares are held by Rise Triumph Limited and 7,074,000 shares are held by Signkey Group Limited. Mr. Wu Jian Nong, Mr Xu Shui Sheng and Ms. Shen Meng Hong beneficially owns 96%, 3% and 1% of the issued share capital of Rise Triumph Limited respectively. Mr Xu Shui Sheng and Ms. Shen Meng Hong are therefore deemed to held 6,731,400 Shares (being 0.82%) and 2,243,800 Shares (being 0.27%) of the Shares of the Company respectively. Mr. Wu Jian Nong, Mr Xu Shui Sheng and Ms. Shen Meng Hong beneficially owns 85%, 3% and 1% of the issued share capital of Signkey Group Limited respectively. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited and Signkey Group Limited respectively for the purpose of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES AND THE INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholders	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Rise Triumph Limited (<i>Note 1</i>)	Beneficial owner	224,380,000	27.43%
Victory Stand (<i>Note 2</i>)	Beneficial owner	206,000,000	25.18%

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.
- These 206,000,000 Shares are held by Victory Stand International Limited (“Victory Stand”), the entire issued share capital of which is beneficially owned as to 73.88%, 17.41% and 8.71% by Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen, respectively. Mr. Wu Kai Char is deemed to be interested in all the Shares held by Victory Stand under the SFO.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

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

There was no option outstanding as at 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors for the three months ended 30 June 2023.

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 primary duties of the audit committee are (i) to review the financial systems of the Group; (ii) to review the accounting policy, financial position and financial reporting procedures of the Group; (iii) to communicate with external auditors; (iv) to assess the performance of internal financial and audit personnel; and (v) to assess the internal controls of the Group. The audit committee has reviewed the unaudited condensed consolidated financial statements and the results of the Group for the three months ended 30 June 2023 and this announcement, and considered that the results and this announcement have been prepared in accordance with the applicable accounting standards and requirements.

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

Hong Kong, 11 August 2023

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