



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)

2023

INTERIM REPORT



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

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This report, 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 report 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 report misleading.

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 and six months ended 30 September 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 and six months ended 30 September 2023

	<i>Notes</i>	Three months ended 30 September		Six months ended 30 September	
		2023	2022	2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	92,320	92,081	273,121	212,670
Contract costs and cost of sales	5	(86,001)	(81,473)	(253,110)	(189,416)
Gross profit		6,319	10,608	20,011	23,254
Other income	4	5,477	4,257	8,652	8,224
Administrative and other operating expenses		(8,653)	(5,001)	(14,509)	(12,788)
Finance cost		(1,272)	(901)	(2,101)	(1,821)
PROFIT BEFORE TAX	5	1,871	8,963	12,053	16,869
Income tax credit/(expense)	6	57	(1,576)	(1,650)	(4,609)
PROFIT FOR THE PERIOD		1,928	7,387	10,403	12,260
Attributable to:					
Owners of the Company		1,515	6,934	9,504	11,346
Non-controlling interests		413	453	899	914
		1,928	7,387	10,403	12,260

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023	2022	2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
- Basic and diluted (HK cents)	7	0.19	0.85	1.16	1.39
PROFIT FOR THE PERIOD		1,928	7,387	10,403	12,260
OTHER COMPREHENSIVE INCOME/ (EXPENSES)					
<i>Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		1,493	(17,851)	(14,592)	(33,967)
Other comprehensive income/(expense), net of tax		1,493	(17,851)	(14,592)	(33,967)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD		3,421	(10,464)	(4,189)	(21,707)
Attributable to:					
Owners of the Company		2,909	(9,607)	(4,179)	(20,123)
Non-controlling interests		512	(857)	(10)	(1,584)
		3,421	(10,464)	(4,189)	(21,707)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2023*

		30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		30,923	33,734
Right-of-use assets		4,646	4,875
Intangible assets		3,213	3,775
Deferred tax assets		2,914	3,057
Total non-current assets		41,696	45,441
CURRENT ASSETS			
Inventories		14,242	16,893
Trade and bills receivables	9	200,359	184,696
Prepayments, deposits and other receivables		94,238	72,556
Contract assets		107,840	126,672
Amounts due from related parties		43	594
Restricted bank deposits		3,032	14,614
Cash and cash equivalents		33,254	54,617
Total current assets		453,008	470,642
CURRENT LIABILITIES			
Trade and bills payables	10	102,359	121,522
Other payables and accruals		8,600	11,717
Matured promissory note		46,826	46,104
Contract liabilities		16,338	14,635
Amounts due to related parties		11,010	11,180
Bank borrowings	11	43,592	50,072
Lease liabilities		31	32
Tax payable		1,306	2,789
Total current liabilities		230,062	258,051

		30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
	<i>Notes</i>		
NET CURRENT ASSETS		222,946	212,591
TOTAL ASSETS LESS CURRENT LIABILITIES		264,642	258,032
NON-CURRENT LIABILITIES			
Bank borrowings	<i>11</i>	10,898	–
Lease liabilities		2,023	2,122
Total non-current liabilities		12,921	2,122
Net assets		251,721	255,910
EQUITY			
Issued capital	<i>12</i>	8,180	8,180
Reserves		224,077	228,256
Equity attributable to owners of the Company		232,257	236,436
Non-controlling interests		19,464	19,474
Total equity		251,721	255,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2023*

	Attributable to owners of the Company						Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 31 March 2023 (audited)	8,180	71,725	19,546	(7,143)	144,128	236,436	19,474	255,910
Profit for the period	-	-	-	-	9,504	9,504	899	10,403
Other comprehensive expenses for the period	-	-	-	(13,683)	-	(13,683)	(909)	(14,592)
Total comprehensive expenses for the period	-	-	-	(13,683)	9,504	(4,179)	(10)	(4,189)
At 30 September 2023 (unaudited)	8,180	71,725	19,546	(20,826)	153,632	232,257	19,464	251,721
At 31 March 2022 (audited)	8,180	71,725	12,885	13,682	123,156	229,628	22,228	251,856
Profit for the period	-	-	-	-	11,346	11,346	914	12,260
Other comprehensive expenses for the period	-	-	-	(31,469)	-	(31,469)	(2,498)	(33,967)
Total comprehensive expenses for the period	-	-	-	(31,469)	11,346	(20,123)	(1,584)	(21,707)
At 30 September 2022 (unaudited)	8,180	71,725	12,885	(17,787)	134,502	209,505	20,644	230,149

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2023*

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(37,414)	13,886
Net cash generated from investing activities	10,809	5,256
Net cash generated from financing activities	5,242	5,133
Net (decrease)/increase in cash and cash equivalents	(21,363)	24,275
Cash and cash equivalents at beginning of the period	54,617	34,582
Cash and cash equivalents at end of the period	33,254	58,857
Analysis of balance of cash and cash equivalents:		
Cash and bank balances	33,254	58,857

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION

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, Tsim Sha Tsui, Kowloon, Hong Kong.

During the six months ended 30 September 2023, the Group was principally engaged in the renewable energy business in the People's Republic of China (the "PRC").

The unaudited condensed 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

Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the accounting principles generally accepted in Hong Kong, and comply with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, 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 six months ended 30 September 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 six months ended 30 September 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared under the historical cost convention.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new or amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current period.

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

The application of these amendments to HKFRSs during the six months ended 30 September 2023 had no material impact on the Group’s financial performance and positions for the six months ended 30 September 2023 and 2022 and/or on the disclosure set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business unit based on their products and services and has one reportable operating segment, namely the renewable energy business segment for the period ended 30 September 2023.

Renewable energy business segment is principally engaged in (i) provision of a one-stop value added solution for photovoltaic power stations (EPC, maintenance and support, and operation) and (ii) sales of the patented photovoltaic tracking mounting bracket systems.

Management monitors the results of the Group’s operating segment separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that finance costs, loss on disposal of subsidiaries as well as corporate and other unallocated expenses such as directors’ remuneration and corporate administrative expenses are excluded from such measurement.

Segment assets exclude corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude corporate and other unallocated liabilities as these liabilities are managed on a group basis.

3. SEGMENT INFORMATION (Continued)

Geographic Information

Revenue from external customers

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Mainland China	273,121	212,670
	273,121	212,670

Information about major customers

Details of the customers in the renewable energy business segment attributed over 10% of total revenue of the Group during the periods are as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer 1	63,045	N/A ¹
Customer 2	42,311	N/A ¹
Customer 3	28,666	N/A ¹
Customer 4	N/A ¹	46,569
Customer 5	N/A ¹	28,848
Customer 6	N/A ¹	28,042
Customer 7	N/A ¹	26,199
Customer 8	N/A ¹	2,338

Details of interest income, depreciation and amortisation in relation to the operating segment are disclosed in notes 4 and 5, respectively.

The Company is domiciled in the Cayman Islands with the Group's major operations located in PRC for the six months ended 30 September 2023. Substantially all of the Group's revenues from external customers for the six months ended 30 September 2023 and 30 September 2022 derived from PRC, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong and PRC.

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

4. REVENUE AND OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue				
Construction contracts	92,320	92,081	273,121	212,670
	92,320	92,081	273,121	212,670
Other income				
Interest income	1,082	1,098	1,779	1,808
Others	4,395	3,159	6,873	6,416
	5,477	4,257	8,652	8,224

5. PROFIT BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Amortisation of intangible assets	193	200	389	416
Depreciation of right-of-use assets	-	-	-	-
Depreciation	598	566	1,184	1,170
Contract costs:				
Cost of construction materials and supplies	45,711	46,029	144,669	143,636
Subcontracting charges and labour cost	35,151	29,710	100,585	39,415
Transportation	874	699	1,032	878
Machine and vehicle rental expenses	378	775	889	955
Other expenses	3,887	4,260	5,935	4,532
	86,001	81,473	253,110	189,416
Employee benefits expenses (excluding directors' and chief executive's remuneration):				
Salaries, wages and other benefits	1,859	892	3,845	2,579
Retirement benefit scheme contributions	238	877	487	1,130
	2,097	1,769	4,332	3,709
Foreign exchange differences, net	(194)	(19)	(95)	(29)

6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax – PRC	57	(1,576)	(1,650)	(4,609)
Credit/(charge) for the period	57	(1,576)	(1,650)	(4,609)

Hong Kong

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

The 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 EIT Law (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	1,515	6,934	9,504	11,346
Number of shares				
Weighted average number of shares	818,000,000	818,000,000	818,000,000	818,000,000

(b) 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 and six months ended 30 September 2023 and 2022.

8. DIVIDENDS

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

9. TRADE AND BILLS RECEIVABLES

For the renewable energy business, the Group's trading terms with its customers are mainly on credit. The credit period granted to the customers ranges from 30 days to 90 days.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables, based on invoice date at the end of the reporting period, is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within 1 month	76,243	51,242
Over 1 month but less than 3 months	30,050	43,211
Over 3 months	94,066	90,243
	200,359	184,696

The movements in the loss allowance for trade and bills receivables are as follows:

	2023 HK\$'000
At 1 April 2023	9,228
Movement in the period	-
At 30 September 2023	9,228

An impairment analysis is performed at each reporting date by considering expected credit losses, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

In determining the expected credit loss for trade and bills receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within 1 month	55,703	50,497
Over 1 month but less than 3 months	7,422	55,133
Over 3 months	39,234	15,892
	102,359	121,522

The trade and bills payables are non-interest bearing and generally have payment terms of 30 – 90 days. Trade payables from related parties are also repayable on similar credit terms to those offered by the major suppliers of the Group.

11. BANK BORROWINGS

As at 30 September 2023, the Group has borrowed short-term bank loans amounted to approximately HK\$43,592,000 (31 March 2023: approximately HK\$50,072,000) with weighted average effective interest rate of 4.32% per annum (31 March 2023: 4.2%) and a long-term bank loan amounted to approximately HK\$10,898,000 (31 March 2023: nil) with interest rate of 3.81% per annum (31 March 2023: nil).

12. ISSUED CAPITAL

	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 March 2023 and 30 September 2023	2,000,000,000	20,000
Issued and fully paid:		
At 30 September 2023 (Unaudited)	818,000,000	8,180

13. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the period:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Jiangxi Aopu Lighting Co., Ltd.* (江西奥普照明有限公司) (note i)		
– Construction labour income	811	–
Jiangshan Youhe Machinery Co., Ltd.* (江山市友和機械有限公司) (note i)		
– rental expenses and utilities expenses	387	295
Zhejiang Xingcai AgroSciences Limited* (浙江星菜農業科技有限公司) (note i)		
– rental expenses	261	178

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

Notes:

- (i) These related parties are controlled by Mr. Wu Jian Nong and Mr. Xu Shui Sheng, the executive directors of the Company.
- (b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short term employee benefits	779	710
Post-employment benefits	29	55
	808	765

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 September 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\$273,121,000 (the corresponding period in 2022: HK\$212,670,000), 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 973.68MW.

During the reporting period, new contracts were signed:

- (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 Sungrow 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
- (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

- (17) In August 2023, Tonking New Energy (Jiangshan) Limited and Yuzhong Lvdong New Energy Co., Ltd.* (榆中綠動新能源有限公司) entered into the Construction General Contracting Project for 50MW Photovoltaic Power Generation Project in Xiangguanying Town, Yuzhong County
- (18) In August 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 Yangqiao 50MW Mounting Bracket Project of Sungrow New Energy
- (19) In August 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 23 Photovoltaic Project of Sunlight Collective in Family in Q2 (IV) of Sungrow New Energy
- (20) In August 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 Laizhou 70MW Mounting Bracket Project of Sungrow New Energy
- (21) In August 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 Honghu 10MW Adaptable Bracket Project of Sungrow New Energy
- (22) In August 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 Sunlight Room Square Steel Pipe Order (20MW Household Photovoltaic Project of Sunlight Room)
- (23) In September 2023, Tonking New Energy (Jiangshan) Limited and State Power Investment Corporation Limited Materials and Equipment Branch* (國家電力投資集團有限公司物資裝備分公司) entered into the Qinghai-Henan Direct Current Phase II Project
- (24) In September 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 Yangqiao Mounting Bracket Project (Phase II) of Sungrow Power Supply

* For identification purpose only

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 six months ended 30 September 2023, the Group recorded an unaudited revenue of approximately HK\$273,121,000, representing an increase of approximately 28.4% compared with approximately HK\$212,670,000 of the corresponding period in 2022. The increase of revenue was mainly due to the policy of photovoltaic power generation on grid parity which led to a significant increase in sales orders.

Contract Costs

The contract costs for the six months ended 30 September 2023 was approximately HK\$253,110,000 (2022: HK\$189,416,000). 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 increased by approximately 13% to approximately HK\$14,509,000 for the six months ended 30 September 2023 from approximately HK\$12,788,000 for the corresponding period in 2022.

Staff costs

The staff costs increased by approximately 17% to approximately HK\$4,332,000 for the six months ended 30 September 2023 from approximately HK\$3,709,000 for the corresponding period in 2022.

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 0.8% to approximately HK\$1,573,000 for the six months ended 30 September 2023 from approximately HK\$1,586,000 for the corresponding period in 2022.

Finance costs

Finance costs increased by approximately 15% to approximately HK\$2,101,000 for the six months ended 30 September 2023 from approximately HK\$1,821,000 for the corresponding period in 2022.

Net profit for the period

For the six months ended 30 September 2023, the Group recorded a profit attributable to owners of the Company of approximately HK\$9,504,000 (2022: profit of approximately HK\$11,346,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 30 September 2023, the share capital and equity attributable to owners of the Company amounted to HK\$8,180,000 and approximately HK\$232,257,000 respectively (31 March 2023: HK\$8,180,000 and approximately HK\$236,436,000 respectively).

Cash position

As at 30 September 2023, the cash and cash equivalents and restricted bank deposits of the Group amounted to approximately HK\$33,254,000 (31 March 2023: approximately HK\$54,617,000) and HK\$3,032,000 (31 March 2023: approximately HK\$14,614,000) respectively, representing a decrease of approximately 48% in aggregate as compared to that as at 31 March 2023.

Borrowing

As at 30 September 2023, the Group has borrowed short-term bank loans amounted to approximately HK\$43,592,000 (31 March 2023: approximately HK\$50,072,000) with weighted average effective interest rate of 4.32% per annum (31 March 2023: 4.2%) and a long-term bank loan amounted to approximately HK\$10,898,000 (31 March 2023: nil) with interest rate of 3.81% per annum (31 March 2023: nil).

Gearing ratio

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

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 acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2023.

Contingent Liabilities

As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: nil).

Capital Commitment

As at 30 September 2023, the Group had no capital commitment (31 March 2023: nil).

Employee and Emolument Policies

The Group had 138 employees (including Directors) as at 30 September 2023 (31 March 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. The remuneration packages are subject to review on a regular basis. 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 competitiveness, individual performance and achievement, and approved by the Board.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 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 of the Code 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 six months ended 30 September 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 six months ended 30 September 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 September 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 September 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 September 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 International Limited ("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, 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 September 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 and up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There was no option outstanding as at 30 September 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, 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 six months ended 30 September 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 six months ended 30 September 2023 and this report, and considered that the results and this report have been prepared in accordance with the applicable accounting standards and requirements.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 30 September 2023 and up to the date of this report.

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, 13 November 2023

As at the date of this report, 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.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Jian Nong
(*Chairman and Chief Executive Officer*)
Ms. Shen Meng Hong
Mr. Xu Shui Sheng

Independent Non-executive Directors

Ms. Wang Xiaoxiong
Mr. Zhou Yuan
Mr. Shen Fuxin

Company Secretary

Mr. Yuen Poi Lam William

Authorised Representatives

Ms. Shen Meng Hong
Mr. Yuen Poi Lam William

Audit Committee

Ms. Wang Xiaoxiong (*Chairman*)
Mr. Zhou Yuan
Mr. Shen Fuxin

Remuneration Committee

Mr. Zhou Yuan (*Chairman*)
Ms. Wang Xiaoxiong
Mr. Shen Fuxin

Nomination Committee

Ms. Wang Xiaoxiong (*Chairman*)
Ms. Shen Meng Hong
Mr. Zhou Yuan

Compliance Committee

Ms. Shen Meng Hong (*Chairman*)
Ms. Wang Xiaoxiong
Mr. Zhou Yuan

Registered Office

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room 701, 7th Floor
Peninsula Centre
67 Mody Road
Tsimshatsui, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Ltd.
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
China Merchants Bank Company Limited

Auditors

Moore Stephens CPA Limited
Registered Public Interest Entity Auditor

Legal Adviser

As to Hong Kong law:
Li & Partners

Stock Code

8326

Company's Website

www.tonkinggroup.com.hk