



TONKING GROUP

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(formerly known as JC Group Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)



Interim Report
2016



* For identification purpose only



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“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 the GEM (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 six months ended 30 September 2016, together with the unaudited comparative figures for the respective corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three and six months ended 30 September 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
REVENUE	4	176,384	69,105	672,286	134,364
Other income	4	235	46	356	102
Cost of food and beverage		(19,688)	(20,681)	(38,759)	(39,647)
Contract costs	5	(97,201)	-	(446,496)	-
Staff costs		(23,401)	(21,496)	(48,977)	(41,482)
Depreciation and amortisation		(3,553)	(4,020)	(6,072)	(9,033)
Property rentals and related expenses		(15,749)	(15,200)	(31,712)	(29,615)
Fuel and utility expenses		(1,563)	(1,441)	(2,953)	(2,856)
Administrative and other operating expenses		(14,687)	(7,357)	(26,526)	(15,047)
Finance costs		(545)	(87)	(961)	(87)
PROFIT/(LOSS) BEFORE TAX	5	232	(1,131)	70,186	(3,301)
Income tax expense	6	(2,246)	(754)	(21,795)	(1,427)
(LOSS)/PROFIT FOR THE PERIOD		(2,014)	(1,885)	48,391	(4,728)
Attributable to:					
Owners of the Company		(2,112)	(2,035)	48,281	(4,775)
Non-controlling interests		98	150	110	47
		(2,014)	(1,885)	48,391	(4,728)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
– Basic and diluted (HK cents)	7	(0.52)	(0.51)	11.98	(1.19)
(LOSS)/PROFIT FOR THE PERIOD		(2,014)	(1,885)	48,391	(4,728)
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		(839)	-	(3,657)	-
Other comprehensive expense, net of tax		(839)	-	(3,657)	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD		(2,853)	(1,885)	44,734	(4,728)
Attributable to:					
Owners of the Company		(2,951)	(2,035)	44,624	(4,775)
Non-controlling interests		98	150	110	47
		(2,853)	(1,885)	44,734	(4,728)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	61,722	20,996
Intangible assets	10	443	605
Deposit paid for acquiring property, plant and equipment		–	1,344
Non-current rental deposits		14,123	11,622
Total non-current assets		76,288	34,567
CURRENT ASSETS			
Inventories		34,989	45,460
Gross amount due from customers for contract works		225,767	139,159
Trade receivables	11	93,258	1,268
Prepayments, deposits and other receivables		37,433	169,439
Due from related parties		1,149	2,680
Due from non-controlling shareholders		–	123
Tax recoverable		753	995
Pledged deposits		17,422	19,081
Cash and cash equivalents		67,564	21,991
Total current assets		478,335	400,196
CURRENT LIABILITIES			
Trade payables	12	106,047	53,809
Other payables and accruals, receive in advance		200,755	222,878
Due to related parties		13,798	14,092
Due to non-controlling shareholders		1,832	1,912
Promissory note	13	36,705	–
Provision for reinstatement costs		5,202	3,508
Tax payable		3,056	6,188
Total current liabilities		367,395	302,387
NET CURRENT ASSETS		110,940	97,809
TOTAL ASSETS LESS CURRENT LIABILITIES		187,228	132,376



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2016

	<i>Notes</i>	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Promissory note	13	–	36,785
Provision for reinstatement costs		3,545	5,239
Total non-current liabilities		3,545	42,024
NET ASSETS		183,683	90,352
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	4,090	4,000
Reserves		175,106	81,975
		179,196	85,975
Non-controlling interest		4,487	4,377
Total equity		183,683	90,352



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000			
At 1 April 2016 (audited)	4,000	27,847	51,567	1,770	487	304	85,975	4,377	90,352
Issuance of new shares	90	48,507	-	-	-	-	48,597	-	48,597
Profit for the period	-	-	-	-	-	48,281	48,281	110	48,391
Other comprehensive expenses for the period	-	-	-	-	(3,657)	-	(3,657)	-	(3,657)
Total comprehensive (expenses)/income for the period	-	-	-	-	(3,657)	48,281	44,624	110	44,734
At 30 September 2016 (unaudited)	4,090	76,354	51,567	1,770	(3,170)	48,585	179,196	4,487	183,683
At 1 April 2015 (audited)	4,000	27,847	51,567	-	-	(3,004)	80,410	4,605	85,015
(Loss)/profit for the period	-	-	-	-	-	(4,775)	(4,775)	47	(4,728)
Total comprehensive (expenses)/income for the period	-	-	-	-	-	(4,775)	(4,775)	47	(4,728)
At 30 September 2015 (unaudited)	4,000	27,847	51,567	-	-	(7,779)	75,635	4,652	80,287



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net cash from operating activities	42,420	15,239
Net cash used in investing activities	(45,474)	(8,100)
Net cash from financing activities	48,627	36,000
Net increase in cash and cash equivalents	45,573	43,139
Cash and cash equivalents at beginning of the period	21,991	49,852
Cash and cash equivalents at end of the period	67,564	92,991
Analysis of balance of cash and cash equivalents		
Cash and bank balances	67,564	92,991



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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 the GEM of The Stock Exchange with effect from 21 November 2013. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Unit No. 1002, 10/F, Shui On Centre, 6-8 Harbour Road, Hong Kong.

The Company's principal activity during the six months ended 30 September 2016 was investment holding. The Group's principal activity during the six months ended 30 September 2016 was the operation and management of various restaurants and cake shops in Hong Kong and renewable energy business in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 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 2016 are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2016, 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 2016. The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 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 22 June 2016.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the six months ended 30 September 2016 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 September 2016.

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 six months ended 30 September 2016 have been prepared under the historical cost convention. The unaudited condensed consolidated financial statements for the six months ended 30 September 2016 are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.



3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments for the period ended 30 September 2016 as follows:

- (a) Renewable energy business segment is principally engaged in research and development of solar power technology, operation and construction of solar power station, the EPC (Engineering, Procurement and Construction) business and sales of photovoltaic mounting and tracking system materials in the PRC.
- (b) Restaurant operations segment is operation and management of restaurants and cake shops in Hong Kong.

Management monitors the results of the Group's operating segments 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 promissory note and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

For the period ended 30 September 2015, the directors of the Company consider that the business of the Group is organised in one operating segment which is operation and management of restaurants and cake shops in Hong Kong. Additional disclosure in relation to segment information is not presented as the directors of the Company assess the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements. The total net segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.



3. SEGMENT INFORMATION (continued)

Period ended	Renewable energy business HK\$'000 (Unaudited)	Restaurant operations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
30 September 2016			
Segment revenue for six months:			
Sales to external customers	544,074	128,212	672,286
Segment result for six months:	73,776	259	74,035
<i>Reconciliation:</i>			
Finance costs			(961)
Corporate and other unallocated expenses			(2,888)
Profit before tax			70,186
Segment assets	473,880	79,057	552,937
<i>Reconciliation:</i>			
Corporate and other unallocated assets			1,686
Total assets			554,623
Segment liabilities	288,137	44,554	332,691
<i>Reconciliation:</i>			
Promissory note			36,705
Corporate and other unallocated liabilities			1,544
Total liabilities			370,940
Other segment information for six months:			
Interest income	200	1	201
Depreciation and amortisation	993	5,072	6,065
Capital expenditure*	46,866	151	47,017
Unallocated:			
Interest income			98
Depreciation			7
Capital expenditure*			100

* Capital expenditure consists of additions to property, plant and equipment.



3. SEGMENT INFORMATION (continued)

Geographic Information

(a) Revenue from external customers

	Six months ended September 30	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Hong Kong	128,212	134,364
Mainland China	544,074	-
	672,286	134,364

(b) Non-current assets

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Unaudited)
	Hong Kong	25,139
Mainland China	51,149	2,232
	76,288	22,945

The non-current asset information above is based on the locations of the assets and excludes financial instruments



3. SEGMENT INFORMATION (continued)

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 September 30	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Customer 1	307,722	-
Customer 2	125,392	-

For the periods ended 30 September 2016 and 2015, there was no revenue from a single customer contributing over 10% of total revenue of the Group by the restaurant operations segment.

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 Hong Kong and PRC. Substantially all of the Group's revenues from external customers for the six months ended 30 September 2016 and 2015 were derived from Hong Kong and PRC, the places of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong and PRC.

4. REVENUE AND OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue				
Restaurant operations	65,030	69,105	128,212	134,364
Construction contracts	111,354	-	544,074	-
	176,384	69,105	672,286	134,364
Other income				
Interest income	198	36	299	36
Others	37	10	57	66
	235	46	356	102



5. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Cost of food and beverage	19,688	20,681	38,759	39,647
Amortisation of intangible assets	81	80	162	159
Depreciation	3,472	3,940	5,910	8,874
Lease payments under operating lease in respect of land and buildings:				
Minimum lease payments	15,209	14,574	30,429	28,243
Contingent rents	96	143	209	399
	15,305	14,717	30,638	28,642
Contract costs:				
Cost of construction material and supplies	38,939	-	320,848	-
Installation charges	22,010	-	80,267	-
Transportation	272	-	1,271	-
Machine and vehicle rental	1,891	-	8,861	-
Other expenses	34,089	-	35,249	-
	97,201	-	446,496	-
Employee benefits expenses (excluding directors' and chief executive's remuneration):				
Salaries, wages and other benefits	20,474	19,823	44,732	38,293
Retirement benefits scheme contributions	1,935	782	2,653	1,473
	22,409	20,605	47,385	39,766
Write-off of items of property, plant and equipment	2	-	2	-
Exchange differences, net	20	(4)	(2)	(17)
Loss on disposal of subsidiaries	-	483	-	483
Donation	-	600	-	600



6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current tax – Hong Kong – charge for the period	563	754	1,187	1,427
Current tax – PRC	1,683	–	20,608	–
Total tax charge for the period	2,246	754	21,795	1,427

Hong Kong

Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 September 2016 and 2015.

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 Enterprise Income Tax 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. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share attributable to owners of the Company for the three and six months ended 30 September 2016 was based on (i) the unaudited condensed consolidated (loss)/profit attributable to owners of the Company of approximately HK\$2,112,000 and HK\$48,281,000 respectively; and (ii) the weighted average number of 405,673,913 and 402,852,459 ordinary shares in issue during the respective periods.

The calculation of the basic loss per share attributable to owners of the Company for the three and six months ended 30 September 2015 was based on (i) the audited condensed consolidated loss attributable to owners of the Company of approximately HK\$2,035,000 and HK\$4,775,000 respectively; and (ii) the weighted average number of 400,000,000 and 400,000,000 ordinary shares in issue during the respective periods.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the three and six months ended 30 September 2016 and 2015.



8. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2016 and 2015.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired property, plant and equipment of approximately HK\$47,117,000 (for the six months ended 30 September 2015: approximately HK\$8,716,000) for the purpose of operation. During the six months ended 30 September 2016 and 2015, no significant property, plant and equipment was written off by the Group. For the six months ended 30 September 2016, there was no significant disposal for the Group (For the six months ended 30 September 2015: the Group disposed property, plant and equipment through disposal of subsidiary with the net carrying amount of approximately HK\$1,045,000).

10. INTANGIBLE ASSETS

	Franchise cost <i>HK\$'000</i>
<hr/>	
At 31 March 2016 and 1 April 2016 (audited):	
Cost	1,883
Accumulated amortisation	(1,278)
	<hr/>
Net carrying amount	605
	<hr/>
At 1 April 2016, net of accumulated amortisation (audited)	605
Additions	-
Amortisation provided during the period	(162)
	<hr/>
At 30 September 2016, net of accumulated amortisation (unaudited)	443
	<hr/>
At 30 September 2016 (unaudited):	
Cost	1,883
Accumulated amortisation	(1,440)
	<hr/>
Net carrying amount	443
	<hr/>



11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on cash, credit card and smart card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Trade receivable are non-interest bearing.

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

	30 September 2016 <i>HK\$'000</i> (Unaudited)	31 March 2016 <i>HK\$'000</i> (Audited)
Within 1 month	4,773	879
Over 1 month but less than 3 months	6,273	85
Over 3 months	82,212	204
	93,258	1,268

The trade receivables included in the above ageing analysis are considered not impaired. As at 30 September 2016 and 31 March 2016, no trade receivables were past due or impaired. No provision for impairment of trade receivables was made as at 30 September 2016 and 31 March 2016.

12. TRADE PAYABLES

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

	30 September 2016 <i>HK\$'000</i> (Unaudited)	31 March 2016 <i>HK\$'000</i> (Audited)
Within 1 month	23,736	52,114
Over 1 month but less than 2 months	23,519	1,211
Over 2 months	58,792	484
	106,047	53,809

The trade 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.



13. PROMISSORY NOTE

The analysis of the carrying amount of promissory note is as follows:

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Promissory note	36,705	36,785
Analysis into:		
Within 1 year	36,705	-
Over 1 year but less than 2 years	-	36,785
More than 2 years but not more than 5 years	-	-
	36,705	36,785

Significant terms and repayment schedule of promissory note:

On 9 September 2015, Glory Kind Development Limited (“Glory Kind”), a subsidiary of the Company, issued promissory note with a principal amount of HK\$36,000,000, which is secured by a charge on all the issued shares of Glory Kind, bear interest at 4% per annum and has a maturity period of 2 years from the date of issue.

Interest expense on the promissory note is calculated using the effective interest method by applying the effective interest rate of 3.92% to the liability component.

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
At beginning of year	36,785	-
Issued during the period/year	-	36,000
Interest expenses	705	785
Interest settlement	(785)	-
At end of period/year	36,705	36,785



14. ISSUED CAPITAL

	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 March 2016 and 30 September 2016	2,000,000,000	20,000
Issued and fully paid:		
At 31 March 2016 (Audited)	400,000,000	4,000
Issue of shares upon placement (<i>note</i>)	9,000,000	90
At 30 September 2016 (Unaudited)	409,000,000	4,090

Note:

On 25 July 2016, the Company entered into the placing agreement with the placing agent, whereby the Company agreed to place, through the placing agents, collectively and on a best effort basis, a maximum of 14,362,657 placing shares to not less than six places at a price of HK\$5.57 per placing share.

All conditions of the placing have been fulfilled and the completion of the placing took place on 4 August 2016.



15. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
JC & Associates Limited		
– purchase of food (<i>note (i)</i>)	1,899	2,147
– food processing fee (<i>note (ii)</i>)	–	460
R & C Corporate Services Limited		
– corporate service fee (<i>note (i)</i>)	76	224
Well-in Hotel Supplies Company Limited		
– purchase of kitchen utensils (<i>note (i)</i>)	176	156
– administrative expenses (<i>note (i)</i>)	283	319

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.

Unless otherwise stated, all of the above related companies are controlled by Mr. Wu and/or Ms. Wong, who has resigned as the executive directors of the Company with effect from 18 October 2016.

Notes:

- (i) These related party transactions also constitute continuing connected transactions as defined in the GEM Listing Rules.
- (ii) These related party transactions also constitute connected transactions as defined in the GEM Listing Rules.
- (b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short term employee benefits	1,510	2,657
Post-employment benefits	82	23
	1,592	2,680



16. OPERATING LEASE COMMITMENTS

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to three years.

At 30 September 2016 and 31 March 2016, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Within one year	46,341	50,745
In the second to five years, inclusive	23,012	30,183
Beyond five years	-	-
	69,353	80,928

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the revenue of the restaurants pursuant to the terms and conditions as set out in the respective tenancy agreements. As the future revenue of the restaurants could not be reliably determined, the minimum lease commitments are based on the fixed rental.

17. PLEDGE OF ASSETS

As at 30 September 2016 and 31 March 2016, the entire issued share capital of Glory Kind Development Limited (a direct wholly-owned subsidiary of the Company) were pledged to secure the issuance of a promissory note to an independent third party.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Renewable Energy Business

The renewable energy business of the Group could be categorized into three segments: provision of a one-stop value added solution for photovoltaic power stations (EPC, maintenance and support, operation and so on), sales of the patented tracking photovoltaic systems and investment in building its own photovoltaic power stations.

In the period from November 2015 to September 2016, Tonking New Energy Technology (Shanghai) Limited has established eleven wholly-owned subsidiaries, namely Jiang Shan Shi Tong Jing Guang Fu Limited, Jin Zhai Xian Tong Jing New Energy Limited, Horqin Left Back Banner Tong Jing New Energy Limited, Nan Zhang Xian Tong Jing New Energy Limited, and Hong Ze Tong Jing New Energy Limited, Huai Nan Tong Jing New Energy Limited, Zhenping County Tong Jing New Energy Limited, Tianchang City Tong Jing New Energy Limited, Qing Yang Xian Tong Jing New Energy Limited, Tong Ling New Energy Limited and Lin Yi New Energy Limited, as well as one non-wholly-owned subsidiary, Mongolia Tong Yuen New Energy Limited for the purpose of strengthening the Group's business development in the renewable energy business.

During the reporting period, total realized revenue for the business of renewable energy was recorded of approximately HK\$544,394,000 (2015 corresponding period: nil), which was mainly attributable to the one-stop value-added solutions provided by photovoltaic power station, and the total enhancement in sales and scale of business of the patented photovoltaic tracking system compared with the corresponding period in the last year. During the Reporting Period, the EPC business undertaken by the Group has successfully completed the grid connection of 393.58MW. Among which, the grid connection for 紅墩子 mining zone project of 寧夏寶豐集團 was completed on 27 June 2016. Such project has become the largest oblique uniaxial tracking agricultural photovoltaic power station in the world. The construction period for the project took 110 days only. It has maintained a leading position in the industry in terms of the technicality of the entire project and the adjustment capabilities of the construction institute, laying a solid foundation in relation to the comprehensive launch of the EPC business of the Group.

During the Reporting Period, the Group has also embarked on an in-depth EPC project co-operation with top photovoltaic enterprises such as 寧夏寶豐集團, Datong Mine, 福斯特, Elion Resources, Xinyi Solar and Jinko Power in a view to providing business security for the sustainable development of the EPC business of the Group. For details, please refer to announcements of the Company dated 6 January 2016, 26 February 2016, 31 May 2016, 28 June 2016 and 25 October 2016.

寧夏寶豐: 寧夏寶豐能源集團有限公司, one of the sizeable private enterprises in Ningxia, is a large-scale group company dominating in the production, process and utilization, operation and sales of coal and mainly engages in various business activities, such as real estates, commercial storage and transportation, ware-house storage and logistics. The patented Oblique uniaxial tracking photovoltaic technique has been applied to all the EPC business co-operated with Tong Jing while the first phase 350MW has been built and put into operation.

Datong Mine Group: Datong Coal Mine Group Co., Ltd. (Datong Mine for short) is headquartered in Datong, Shanxi Province, PRC where it is renowned for coals. The demonstration ground for the state top notch techniques in photovoltaics in the coal-mining subsidence area in Datong under the first national photovoltaic 'fore-runner' scheme is situated at Datong while Datong Mine is responsible for its major construction. Meanwhile Tong Jing 2nd generation of Dual-Axis Linkage PV Tracking System has been applied in the Photovoltaic Fore-runner Project.

福斯特新能源: Located in Linan, the west suburban area of Hangzhou, Zhejiang Province, 杭州福斯特光伏材料股份有限公司, the parent company of 江山福斯特新能源開發有限公司, is a High and New Technology Enterprise committed to the research and development, production and sales of new materials. The stock code of which is 603806. Tong Jing model has been applied in the Jiangshan 20MW lake, agriculture, and forest photovoltaic project.



Elion Resources: Elion Resources Group, one of the top 100 private enterprises in the PRC, is a world-leading ecological restoration enterprise mainly committed to the ecological restoration of both deserts and city and ecological industry, so as to allow green grass and bushes to be grown on the vast desert land as well as to produce healthy food; to transform mountains of rubbish to an ecological home with tranquil water and green hills. Meanwhile it is also devoted to the development of clean energy and the provision of such kind of services. The stock code of which is 600277SH. The Company has entered into co-operation of two projects with Tong Jing and the grid connection for Kubuqi desert ecological photovoltaic project has been conducted.

Xinyi Solar: Xinyi Solar Holdings Limited is the manufacturer of large solar photovoltaic glass, the shares of which have been listing on the main board on Hong Kong Stock Exchange since 12 December 2013 (stock code: 00968.HK). Xinyi Solar focuses on the business of R&D, manufacturing, sale of solar photovoltaic glass, as well as the investment, construction and operation of solar power stations. Xinyi Solar has arrived at subsequent strategic cooperation with the Group, including the 5MW project in Hubei Xiao Gan (Phase 1), 7.5MW project in Anhui Huainan Shou county and 531.36KW flat uniaxial tracking unit of the fishery photovoltaic power project in Anhui Huainan, all of which have been contracted.

Jinko Power: Jinko Power Company Limited is located in Haining, Zhejiang, which was established in September 2012 with registered capital of RMB3.65 billion. It is a global clean energy cooperation mainly engaged in the development of solar new energy assets, construction, operation, maintenance, investment and management of power stations, production and sale of power.

During the Reporting Period, the Group entered into strategic cooperative agreement with Lerrri Solar and Xian Longji Clean Energy. Lerrri Solar is one of the two main brands of Xi'an LONGI Silicon Materials Corp., (stock code: 601012SH). Xian Longji is principally engaged in the research and development, production and sales of monocrystalline silicon solar cells and modules. Xian Longji Clean Energy is a subsidiary of Xi'an LONGI Silicon Materials Corp. (stock code: 601012SH). For details, please refer to the announcement of the Company dated 23 August 2016.

During the Reporting Period, the Group has realized the intelligent models of ecological integration in the photovoltaic aspects of agricultural, fishery, etc., and the personalized intelligent solutions for mountains, rooftop, etc. The Group's oblique uniaxial tracking mounting brackets system V3.0, without altering the land use features, has increased power generation volume by 15% to 30% with low maintenance and repair costs, which perfectly combines agriculture and photovoltaics in real to create oblique uniaxial agricultural photovoltaic tracking system. This has been fully recognized in the industry and by the clients. Meanwhile, the Group has endeavored to develop a series of photovoltaic tracking mounting brackets system V4.0 products applicable to hydro-photovoltaics. The successful research and development of this product is a true solution to the difficult task the industry faces, i.e. the anti-corrosion issue of mounting brackets. This may further enhance the wind-resistance and significantly increase the machinery installation capacity within the land (water) unit area without affecting the agricultural farming (fishery cultivation). In particular, the successful research and development of floating oblique uniaxial tracking system in the V4.0 products has been a solution to the difficult tasks exposed in the industry, such as high costs and poor reliability. Compared with fixed hydro-photovoltaic power stations, the power generation volume has seen a notable increase, which has achieved a win-win situation from the perspectives of enhancing power generation and reducing investment in systems, which has promoted the Group's core competitiveness in the new energy market.

Food and Beverage Business

The Group is also operating 11 full-service restaurants and 2 cake shops in Hong Kong as at 30 September 2016, namely "Inakaya", "Harlan's", "Kaika", "Mekikinojinji-Okinawa" in Tuen Mun, Causeway Bay, Tsim Sha Tsui and Mongkok, "Hooray", "Pearl Delights", "PHO Hoi An" in Tsim Sha Tsui and San Po Kong, "Harlan's Cake Shop" and "Carousel", of which some are operated by way of franchising agreement. The Group endeavored to work out the philosophy – "unique dining concepts" through quality dishes accompanied by a pleasant atmosphere and attentive services. The Group continues to explore fresh and high quality food ingredients with reasonable prices to create an unforgettable and unique dining experience.



Mekikinoginji – Okinawa

The Group operates three restaurants under the franchise name of “Mekikinoginji-Okinawa” in Tuen Mun, Causeway Bay and Tsim Sha Tsui, which is a famous izakaya chain well known for its creative dishes and contemporary interior design in Okinawa Prefecture of Japan. Due to the successful launch, the Group further opened the fourth restaurants in May 2015 in Mongkok under the brand name of “Royal Grill Ginji”. The brand name of “Royal Grill Ginji” was established under the franchise name of “Mekikinoginji-Okinawa”, which is a new concept izakaya restaurant that serves teppanyaki delights together with signature izakaya dishes.

Inakaya

Being one of the few robatayaki Japanese restaurants that is located on the upper floors of one of the tallest buildings in the world, Inakaya has successfully maintained and strengthened its upscale and fine-dining image in Hong Kong. Our executive chef brought in the new Japanese cuisine essence together with traditional style to the restaurant and further established the unique connection between Japan and Hong Kong.

Harlan’s

With an inviting ambience and plush interior design, Harlan’s successfully joined the quality wedding merchant scheme held by ESD Services Limited which further demonstrate our strength in providing perfect venue and attentive services for holding wedding banquets and corporate events. Harlan’s has maintained its unique position as one of the finest restaurants with splendid view in Tsim Sha Tsui.

Kaika

The Teppanyaki brand has been moving on with enormous momentum which transcended itself from merely a teppanyaki restaurant from Ginza Tokyo. Kaika captured not only frequent diners but also new customers with a discerning palate.

Hooray

Acclaimed as the sky garden restaurant, “Hooray”, with a 12,000 sq. ft. venue, continued to explore new cuisine and dining fashions for the young and trend-setting customers. Hooray has established a sharp image for modern and adventurous cuisine which had been popular among the young clientele. Together with Harlan’s, Hooray also successfully joined the quality wedding merchant scheme held by ESD Services Limited.

Pearl Delights

Being a Chinese cuisine restaurant, “Pearl Delights” brings in a new Cantonese cuisine dining concept that focuses on dim sum and Cantonese barbeque meat for its customers in the Shatin District, one of the most populous districts in Hong Kong.



PHO Hoi An

The Vietnamese eatery continues to maintain its image as major casual dining restaurant of the Group. Through providing efficient service and an array of Vietnamese cuisines inspired from Hoi An, the world heritage town in Vietnam, the new brand is expected to strengthen the clientele base and establish a new stream of customers for the Group.

Harlan's Cake Shop

Harlan's Cake Shop has been growing with a strong and loyal customer base. Delightful pastry, aromatic coffee together with the graceful décor set an inviting tone for the shop which won the heart among the locals and tourists in the Tsim Sha Tsui area.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2016, the Group recorded an unaudited revenue of approximately HK\$672,286,000, representing an increase of approximately 400% compared with approximately HK\$134,364,000 of the corresponding period in 2015. The growth in revenue was mainly attributable to the revenue from renewable energy business that the Group commenced operation in the fourth quarter of 2015.

Cost of food and beverage

The cost of food and beverage for the six months ended 30 September 2016 amounted to approximately HK\$38,759,000 (2015: approximately HK\$39,647,000) which was derived from restaurant operations. Despite the economic uncertainty looming over Hong Kong, the inflation rate remained at a high level in the market. However, the Group was still able to maintain the overall cost margin at approximately 30% of revenue for both of the six months ended 30 September 2016 and 2015. The Directors will continue to monitor the cost of inventories sold as a percentage of revenue, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

Staff costs

The staff costs for the six months ended 30 September 2016 amounted to approximately HK\$48,977,000, representing an increase by approximately 18% when compared with that of approximately HK\$41,482,000 from the corresponding period in 2015. The increase was mainly attributable to the increase in the number of staff for the newly commenced renewable energy business.

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 33% to approximately HK\$6,072,000 for the six months ended 30 September 2016 (2015: approximately HK\$9,033,000).

Property rentals and related expenses

The property rentals and related expenses for the six months ended 30 September 2016 amounted to approximately HK\$31,712,000 (2015: approximately HK\$29,615,000), representing an increase of approximately 7% as compared to the corresponding period in 2015. Such increase was mainly attributable to the property rentals and related expenses of newly-rented offices and the rise in the rent of some existing outlets upon the renewal of tenancy agreements.

Other operating expenses

Other operating expenses increased by approximately 76% to approximately HK\$26,526,000 for the six months ended 30 September 2016 from approximately HK\$15,047,000 for the corresponding period in 2015. The increase was mainly attributable to the renewable energy business that commenced in fourth quarter of 2015.



Finance costs

Finance costs amounted to approximately HK\$961,000 for the six months ended 30 September 2016 (2015: approximately HK\$87,000), which mainly comprised interest expenses derived from the promissory note issued by the Group to an independent third party.

Net profit for the period

For the six months ended 30 September 2016, the Group recorded profit attributable to owners of the Company of approximately HK\$48,281,000 (2015: loss of approximately HK\$4,775,000). The profit was mainly attributable to the growth in profit from renewable energy business that the Group commenced operation in the fourth quarter of 2015.

FUTURE PROSPECTS

Given the delayed introduction of Notice of the Construction and Implementation Plan of PV Generation for 2016, the Development and Reform Commission (Energy Bureau) in each province (district, city) all over the country will start to realize the photovoltaic power generation capacity category in the coming months. During such period, the entire photovoltaic industry will stay sidelined. In the second half, the Group focused on market exploration and product development. With the issuance of certain provincial categories, the Company has tendered for projects in Anhui, Hubei, Shandong, Henan, Zhejiang, etc, and entered into corresponding order contracts for photovoltaic products in four provinces, including Shandong, Zhejiang, Hebei and Hubei.

Meanwhile, the National Development and Reform Commission issued the Notice of Adjustments to the Benchmark On-grid Tariffs of New Energy (Draft for Comment) in September. The extent of proposed decrease in on-grid tariffs and subsidy is beyond expectation, which poses considerable challenge to the photovoltaic industry and therefore, increasing the generating capacity of photovoltaic system will be the major way for a higher return rate. Currently, the relevant technology of tracking photovoltaic system in the industry has been perfecting with greater stability. Compared with the traditional stationary system, generating capacity could have an increase of at least 10%. Photovoltaic enterprises are compelled to adopt a stable tracking system to increase generating capacity and the price-performance ratio of photovoltaic power stations.

The Group has been focusing on the R&D of tracking system and on the boost of generating capacity so as to achieve the optimal power generation cost and successfully construct numerous smart photovoltaic ecological composite projects, which allows us to be the leading enterprise adopting tracking system and photovoltaic ecological integration model. Moreover, the Group's photovoltaic tracking technology (oblique uniaxial, biaxial, flat uniaxial) can help increase generating capacity and is well recognized by cooperative partners. The Group believes that as power pooling has become the major development trend in the market, the Group's photovoltaic tracking system enjoying technological advantage will gain the popularity among the industry players and there will be a surging number of power stations applying such technology.

Usage of Net Proceeds from Fund-raising Activity

All the conditions precedent as set out in the Placing Agreement have been fulfilled and Completion of the Placing took place on 4 August 2016 in accordance with the terms and conditions of the Placing Agreement. An aggregate of 9,000,000 Placing Shares have been successfully placed to not less than six Placees at the Placing Price of HK\$5.57 per Placing Share. The net proceeds from the Placing were approximately HK\$48 million respectively. For details, please refer to the Company's announcement dated 4 August 2016 and circular. The proceeds from the Placing are intended to be used to finance the business activities and operations of the renewable energy business, including the construction and operation of solar power stations. As at 30 September 2016, the Group has used approximately HK\$19 million of net proceeds for the project with 寧夏寶豐. The balance of net proceeds is placed in the Group's bank account and will continue to be used to finance the business activities and operations of the renewable energy business.



LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 30 September 2016, the share capital and equity attributable to owners of the Company amounted to HK\$4,090,000 and approximately HK\$179,196,000 respectively (31 March 2016: HK\$4,000,000 and approximately HK\$85,975,000 respectively).

Cash position

As at 30 September 2016, the cash and cash equivalents of the Group amounted to approximately HK\$67,564,000 (31 March 2016: approximately HK\$21,991,000), representing an increase of approximately 207% as compared to that as at 31 March 2016.

Borrowing

As at 30 September 2016, total borrowing of the Group amounted to approximately HK\$36,705,000 (31 March 2016: approximately HK\$36,785,000) which was derived from the issue of a promissory note. On 9 September 2015, the Group issued a promissory note to an independent third party with an aggregate principal amount of HK\$36,000,000 which bears an interest rate of 4% per annum for a term of two years.

Pledge of assets

As at 30 September 2016 and 31 March 2016, the entire issued share capital of Glory Kind Development Limited (a direct wholly-owned subsidiary of the Company) were pledged to secure the issuance of a promissory note to an independent third party (31 March 2015: nil).

Gearing ratio

As at 30 September 2016, the gearing ratio of the Group was approximately 22% (31 March 2016: approximately 37%). 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 trade payables, other payables and accruals, tax payables and provision for reinstatement costs.

Exchange Rate Exposure

The Group is principally engaged in the renewable energy business in the PRC and the operation and management of restaurants and cake shops in Hong Kong. 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 significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2016.

Contingent Liabilities

As at 30 September 2016, the Group had no material contingent liabilities (31 March 2016: nil).

Capital Commitment

As at 30 September 2016, the Group had no material capital commitment (31 March 2016: HK\$5,404,000).

Employee and Emolument Policies

The Group had 533 employees (including Directors) as at 30 September 2016 (31 March 2016: 311 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 2016, 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 A.1.8 of the Code as described below.

Under code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company does not have such insurance cover for its Directors. This is a deviation from code provision A.1.8 of the Code.

With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of an actual litigation against the Directors is low. The Company understands the importance to arrange insurance cover for its Directors and will consider to make such an arrangement as and when it considers necessary.

COMPETING BUSINESS

For the six months ended 30 September 2016, 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 2016.



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 2016, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 (Note 1)	111,850,000	27.35%
Mr. Wu Kai Char (Mr. Wu)	Interest of controlled corporation (Note 2)	103,000,000	25.18%
Ms. Wong Wai Ling (Ms. Wong)	Beneficial owner	17,932,300	4.38%
Mr. Xu Shui Sheng	Beneficial owner	3,355,500	0.82%
Ms. Shen Meng Hong	Beneficial owner	1,118,500	0.27%

Note:

- These 111,850,000 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 103,000,000 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, Ms. Wong and Mr. Lui Hung Yen ("Mr. Lui"), respectively. Mr. Wu is deemed to be interested in all the Shares held by Victory Stand under the SFO.
- Mr. Wu and Ms. Wong resigned as an executive Director with effect from 18 October 2016.

Long positions in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature of Interest	Number of ordinary shares interested	Approximate percentage of shareholding
Mr. Wu Kai Char (Mr. Wu)	Victory Stand	Beneficial owner	7,388	73.88%
Ms. Wong Wai Ling (Ms. Wong)	Victory Stand	Beneficial owner	1,741	17.41%

Save as disclosed above and so far as is known to the Directors, as at 30 September 2016, 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.

Note:

- Mr. Wu and Ms. Wong resigned as an executive Director with effect from 18 October 2016.



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 2016 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:

Long positions in the Shares

Name of Shareholders	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Rise Triumph Limited (Note 1)	Beneficial owner	111,850,000	27.35%
Victory Stand (Note 2)	Beneficial owner	103,000,000	25.18%

Notes:

- These 111,850,000 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 103,000,000 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, Ms. Wong and Mr. Lui Hung Yen ("Mr. Lui"), respectively. Mr. Wu is deemed to be interested in all the Shares held by Victory Stand under the SFO.

Save as disclosed above, as at 30 September 2016, 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 announcement, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the six months ended 30 September 2016.

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 six months ended 30 September 2016.



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 C.3.3 and C.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 2016 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
Wu Jian Nong
*Executive Director, Chairman of the Board and
Chief Executive Officer*

Hong Kong, 11 November 2016

As at the date of this report, the executive Directors are Mr. Wu Jian Nong, Ms. Shen Meng Hong, Mr. Xu Shui Sheng and Mr. Zhou Jian Ming; the independent non-executive Directors are Ms. Au Man Yi, Mr. Pao Ping Wing and Ms. Wang Xiaoxiong.



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Jian Nong

(Chairman and Chief Executive Officer)

Ms. Shen Meng Hong

Mr. Xu Shui Sheng

Mr. Zhou Jian Ming *(appointed on 18 October 2016)*

Ms. Wong Wai Ling *(resigned on 18 October 2016)*

Mr. Wu Kai Char *(resigned on 18 October 2016)*

Independent Non-executive Directors

Ms. Au Man Yi

Mr. Pao Ping Wing

Ms. Wang Xiaoxiong

Company Secretary

Mr. Cheng Man for (ACIS)

Authorised Representatives

Ms. Shen Meng Hong

Mr. Cheng Man For

Audit Committee

Ms. Au Man Yi *(Chairman)*

Mr. Pao Ping Wing

Ms. Wang Xiaoxiong

Remuneration Committee

Mr. Pao Ping Wing *(Chairman)*

Ms. Au Man Yi

Ms. Wang Xiaoxiong

Nomination Committee

Ms. Wang Xiaoxiong *(Chairman)*

Ms. Shen Meng Hong

Mr. Pao Ping Wing

Compliance Committee

Ms. Shen Meng Hong *(Chairman)*

Ms. Wang Xiaoxiong

Ms. Li Yuen Shan

Registered Office

PO Box 1350

Clifton House, 75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Unit No. 1002, 10/F, Shui On Centre,

6-8 Harbour Road, Hong Kong

Principal Share Registrar and Transfer Office

Estera Trust (Cayman) Ltd.

P.O. Box 1350

Clifton House

75 Fort Street

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

HLB Hodgson Impney Cheng Limited

Certified Public Accountants

Legal Adviser

As to Hong Kong law:

Li & Partners

Compliance Adviser

Messis Capital Limited

Stock Code

8326

Company's Website

www.tonkinggroup.com.hk