TK NEW ENERGY

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2017 increased by approximately 107% to approximately HK$834,970,000 (2016: approximately HK$402,685,000).

- Profit for the year ended 31 March 2017 amounted to approximately HK$25,924,000 (2016: approximately HK$4,850,000).

- Consolidated net asset value of the Group as at 31 March 2017 increased to approximately HK$156,386,000 (2016: approximately HK$90,352,000).

- Total equity attributable to owners of the Company as at 31 March 2017 was approximately HK$152,077,000 (2016: approximately HK$85,975,000).

- Basic and diluted earnings per share attributable to ordinary equity holders of the Company for the year ended 31 March 2017 was approximately HK$0.0640 (2016: approximately HK$0.0127).

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: nil).

ANNUAL RESULTS

The board (the "Board") of Directors of the Company presents the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
REVENUE	*3*	**834,970**	402,685
Other income	*4*	**11,115**	563
Cost of food and beverage	*6*	**(71,641)**	(77,794)
Contract costs	*6*	**(508,469)**	(112,208)
Staff costs		**(95,119)**	(83,564)
Depreciation and amortisation		**(11,238)**	(16,334)
Property rentals and related expenses		**(62,794)**	(60,807)
Fuel and utility expenses		**(5,382)**	(6,190)
Administrative and other operating expenses		**(47,132)**	(33,473)
Finance costs	*5*	**(1,713)**	(785)
PROFIT BEFORE TAX	*6*	**42,597**	12,093
Income tax expense	*7*	**(16,673)**	(7,243)
PROFIT FOR THE YEAR		**25,924**	4,850
Attributable to:			
Owners of the Company		**25,992**	5,078
Non-controlling interests		**(68)**	(228)
		25,924	4,850
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	*9*	**6.40**	1.27

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**25,924**	4,850
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(7,948)**	487
Other comprehensive (expense)/income, net of tax	**(7,948)**	487
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**17,976**	5,337
Attributable to:		
Owners of the Company	**18,044**	5,565
Non-controlling interests	**(68)**	(228)
	17,976	5,337

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**69,289**	20,996
Intangible assets		**3,356**	605
Deposits paid for acquiring property, plant and equipment		**–**	1,344
Non-current rental deposits		**15,838**	11,622
Total non-current assets		**88,483**	34,567
CURRENT ASSETS			
Inventories		**24,343**	45,460
Gross amounts due from customers for contract works		**145,455**	139,159
Trade receivables	*10*	**197,919**	1,268
Prepayments, deposits and other receivables		**56,996**	169,439
Due from related parties		**2,380**	2,680
Due from non-controlling shareholders		**41**	123
Tax recoverable		**1,420**	995
Pledged deposits		**–**	19,081
Cash and cash equivalents		**106,740**	21,991
Total current assets		**535,294**	400,196
CURRENT LIABILITIES			
Trade and bills payables	*11*	**78,863**	53,809
Other payables and accruals		**122,819**	222,878
Due to related parties		**219,076**	14,092
Due to non-controlling shareholders		**1,750**	1,912
Promissory note		**37,447**	–
Provision for reinstatement costs		**3,869**	3,508
Tax payable		**72**	6,188
Total current liabilities		**463,896**	302,387
NET CURRENT ASSETS		**71,398**	97,809
TOTAL ASSETS LESS CURRENT LIABILITIES		**159,881**	132,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
NON-CURRENT LIABILITIES			
Promissory note		**–**	36,785
Provision for reinstatement costs		**3,495**	5,239
Total non-current liabilities		**3,495**	42,024
Net assets		**156,386**	90,352
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**4,090**	4,000
Reserves		**147,987**	81,975
		152,077	85,975
Non-controlling interests		**4,309**	4,377
Total equity		**156,386**	90,352

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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

The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit No.1002, 10/F, Shui On Centre, 6-8 Harbour Road, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the renewable energy business in the People's Republic of China (the "PRC") and the operation and management of restaurants and cake shops in Hong Kong.

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

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

The Group has not early applied the following new and amendments to HKFRSs, that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[2]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 40 (Amendments)	Transfers of Investment Property[3]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[3]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[3]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 Financial Investments (continued)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are in the process of assessing the impact of the application of HKFRS 9. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group completes a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when they become effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company are in the process of assessing the impact of the application of HKFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group completes a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when they become effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Furthermore, extensive disclousures are required by HKFRS 16.

The directors of the Company are in the process of assessing the impact of the application of HKFRS 16. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group completes a detailed review.

The Group is in the process of assessing the potential impact of the other new and amendments to HKFRSs upon initial application but is not yet in a position to state whether the other new and amendments to HKFRSs will have a significant impact on the Group's financial performance and position.

3. SEGMENT INFORMATION AND REVENUE

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments for the year ended 31 March 2017 as follows:

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

(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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude corporate and other unallocated assets as they are assets 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.

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Year ended 31 March 2017	**Renewable energy business** *HK$'000*	**Restaurant operations** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**593,413**	**241,557**	**834,970**
Segment result	**55,203**	**(2,979)**	**52,224**
Reconciliation:			
Finance costs			**(1,713)**
Corporate and other unallocated expenses			**(7,914)**
Profit before tax			**42,597**
Segment assets	**548,935**	**68,917**	**617,852**
Reconciliation:			
Corporate and other unallocated assets			**5,925**
Total assets			**623,777**
Segment liabilities	**382,986**	**44,600**	**427,586**
Reconciliation:			
Promissory note			**37,447**
Corporate and other unallocated liabilities			**2,358**
Total liabilities			**467,391**
Other segment information:			
Interest income	**291**	**1**	**292**
Depreciation and amortisation	**2,298**	**8,915**	**11,213**
Capital expenditure*	**58,898**	**9,280**	**68,178**
Unallocated:			
Interest income			**100**
Depreciation			**25**
Capital expenditure*			**155**

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

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Year ended 31 March 2016	Renewable energy business *HK$'000*	Restaurant operations *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	138,180	264,505	402,685
Segment result	23,474	174	23,648
Reconciliation:			
Finance costs			(785)
Loss on disposal of subsidiaries			(484)
Corporate and other unallocated expenses			(10,286)
Profit before tax			12,093
Segment assets	352,910	68,082	420,992
Reconciliation:			
Corporate and other unallocated assets			13,771
Total assets			434,763
Segment liabilities	264,930	39,978	304,908
Reconciliation:			
Promissory note			36,785
Corporate and other unallocated liabilities			2,718
Total liabilities			344,411
Other segment information:			
Interest income	70	35	105
Depreciation and amortisation	8	16,158	16,166
Capital expenditure*	890	10,641	11,531
Unallocated:			
Interest income			253
Depreciation			168
Capital expenditure*			1,213

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

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Geographic Information

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**241,557**	264,505
Mainland China	**593,413**	138,180
	834,970	402,685

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**15,518**	20,713
Mainland China	**57,127**	2,232
	72,645	22,945

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

Information about major customers

For the year ended 31 March 2017, revenue of approximately HK$425,712,000 (2016: approximately HK$75,735,000) from two (2016: one) customers in the renewable energy business segment contributing over 10% of the total revenue of the Group.

For the years ended 31 March 2017 and 2016, there was no revenue from a single customer contributing over 10% of the total revenue of the Group by the restaurant operations segment.

Revenue represents amounts received and receivable from the operation of restaurants, net of sales discounts and an appropriate proportion of contract revenue of construction contracts business during the year. An analysis of revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Restaurant operations	**241,557**	264,505
Construction contracts	**593,413**	138,180
	834,970	402,685

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**392**	358
Forfeited income	**6**	9
Sponsorship income	**52**	91
Management income	**1,005**	–
Sale of electricity income	**3,926**	–
Service income	**3,656**	–
Others	**2,078**	105
	11,115	563

5. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest expense on promissory note	**1,447**	785
Interest expense on financial liabilities not classified at fair value through profit or loss	**266**	–
	1,713	785

6. PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of food and beverage	**71,641**	77,794
Amortisation of intangible assets	**283**	319
Auditors' remuneration	**1,500**	1,500
Depreciation	**10,955**	16,015
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	**59,995**	57,673
Contingent rents	**748**	1,128
	60,743	58,801
Contract costs:		
Cost of construction materials and supplies	**408,041**	100,913
Subcontracting charges	**58,581**	6,580
Labour costs	**29,746**	1,338
Transportation	**2,338**	2,331
Machine and vehicle rental expenses	**5,274**	388
Other expenses	**4,489**	658
	508,469	112,208

6. PROFIT BEFORE TAX (CONTINUED)

	2017	2016
	HK$'000	*HK$'000*
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	**86,115**	75,913
Retirement benefit scheme contributions	**5,147**	3,461
	91,262	79,374
Write-off of items of property, plant and equipment	**3,805**	1,229
Reversal of provision for reinstatement costs	**(1,952)**	–
Loss on disposal of items of property, plant and equipment	**1,406**	–
Loss on disposal of subsidiaries	**–**	484
Foreign exchange differences, net	**(53)**	(286)
Donation	**–**	600

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2016: 16.5%) during the year. Enterprise income tax is provided on the estimated taxable profits of the subsidiaries established in the PRC at a rate of 25% during the year.

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Charge for the year	**23**	1,396
Over-provision in prior years	**–**	(20)
Current tax – PRC	**16,650**	5,867
Total tax charge for the year	**16,673**	7,243

8. DIVIDENDS

During the year ended 31 March 2017, no dividends have been paid or declared by the Company (2016: Nil).

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**25,992**	5,078

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**405,893**	400,000

For the years ended 31 March 2017 and 2016, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares in issue during the year.

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 years ended 31 March 2017 and 2016.

10. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**197,919**	1,268

For the catering business, the Group's trading terms with its customers are mainly on cash, credit card and smart card settlement.

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.

At 31 March 2017, retentions held by customers for contract works included in trade receivables amounted to approximately HK$16,933,000.

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. Accounts receivables are non-interest-bearing.

10. TRADE RECEIVABLES (CONTINUED)

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**93,597**	979
Over 1 month but less than 3 months	**2,169**	85
Over 3 months	**102,153**	204
	197,919	1,268

The trade receivables included in the above aging analysis are considered not impaired.

11. TRADE AND BILLS PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**34,040**	52,114
Over 1 month but less than 2 months	**14,646**	1,211
Over 2 months	**30,177**	484
	78,863	53,809

The trade and bills payables are non-interest-bearing and generally have payment terms of 30-90 days.

Included in the Group's trade payables as at 31 March 2017 is a balance of approximately HK$153,000 (2016: HK$740,000) payable to JC & Associates Limited.

Included in the Group's trade payables as at 31 March 2017 is a balance of approximately HK$nil (2016: HK$18,000) payable to Well-In Hotel Supplies Company Limited.

These relevant trade payables are repayable on similar credit terms to those offered by the major suppliers of the Group.

12. ISSUED CAPITAL

	Number of ordinary share of HK$0.01 each	Nominal value of ordinary shares *HK$'000*
Authorised:		
At 1 April 2015, 31 March 2016 and 31 March 2017	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2015 and 31 March 2016	400,000,000	4,000
Issue of shares upon placing	9,000,000	90
At 31 March 2017	**409,000,000**	**4,090**

Note:

On 4 August 2016, 9,000,000 ordinary shares of HK$0.01 each were issued by way of placing to not less than six placees at the placing price of HK$5.57 per share for cash totalling HK$50,130,000. The net proceeds from the placing were approximately HK$48,058,000. The excess of issue price over the par value of the shares of approximately HK$47,968,000 were credited to the share premium account of the Company.

BUSINESS REVIEW

Renewable Energy Business

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

As of 31 March 2017, Tonking New Energy Technology (Shanghai) Limited*（同景新能源科技（上海）有限公司）has established eleven wholly-owned subsidiaries, namely Jiang Shan Shi Tong Jing Guang Fu Limited*（江山市同景光伏有限公司）, Horqin Left Back Banner Tong Jing New Energy Limited*（科爾沁左翼後旗同景新能源有限公司）, Nan Zhang Xian Tong Jing New Energy Limited*（南漳縣同景新能源有限公司）, Hong Ze Tong Jing New Energy Limited*（洪澤同景新能源有限公司）, Huai Nan Tong Jing New Energy Limited*（淮南市同景新能源有限公司）, Zhenping County Tong Jing New Energy Limited*（鎮平縣同景新能源有限公司）, Tianchang City Tong Jing New Energy Limited*（天長市同景新能源有限公司）, Qing Yang Xian Tong Jing New Energy Limited*（青陽縣同景新能源有限公司）, Tong Ling New Energy Limited*（銅陵市同景新能源有限公司）, Lin Yi New Energy Limited*（臨沂市同景新能源有限公司）and Ping Yuan Tong Jing New Energy Limited*（平原同景新能源有限公司）, as well as two non-wholly-owned subsidiaries, Jin Zhai Xian Tong Jing New Energy Limited*（金寨縣同景新能源有限公司）and Mongolia Tong Yuen New Energy Limited*（內蒙古同源新能源有限公司）for the purpose of strengthening the Group's business development in the renewable energy business.

During the reporting period, total realised revenue for the business of renewable energy was recorded of approximately HK$593,413,000 (2016 corresponding period: approximately HK$138,180,000), 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 total installed capacity entered into by the Group was 334.53MW.

During the reporting period, the Group has also embarked on an in-depth co-operation or strategic cooperation with many large enterprise groups and companies such as SPIC*（國家電投集團）, Jinko Power*（晶科電力）, Xinyi Solar*（信義光能）, Lerri Solar Technology Company Limited*（樂葉光伏科技有限公司）and Xi'an Longji Clean Energy Company Limited*（西安隆基清潔能源有限公司）with a view to providing business security for the sustainable development of the business of the Group.

BUSINESS REVIEW (CONTINUED)

1. China Power Investment Corporation（中國電力投資集團公司）and State Nuclear Power Technology Corporation（國家核電技術公司）merged to form State Power Investment Corporation (referred to as SPIC*（國家電投集團）), a mega stated-owned enterprise and one of the top five power groups in the PRC. It is a comprehensive energy group corporation focusing on power with integrated development. It is also one of the top three operators for nuclear power development and construction in the PRC. It owns a number of nuclear power stations which are in operation or under construction in Liaoning's Hongyanhe, Shandong's Haiyang City and Rongcheng City, and plant resources in the coastal and inland areas. It is the operator, carrier and platform for the implementation of automation of the third-generation nuclear power and one of the top 500 enterprises in the world. It is committed to the internationalisation of businesses, with overseas businesses covering 36 countries and regions including Japan, Australia and India and involving investment in power projects, technological cooperation and project contracting and construction. During the reporting period, the Group has cooperated with SPIC in projects for a total of 243MWp, in which:

   The Group signed a contract for a total of 90MW with Huanghe Hydropower Development Co., Ltd.*（黃河上游水電開發有限責任公司）. Huanghe Hydropower Development Co., Ltd.*（黃河上游水電開發有限責任公司）is a large-sized and comprehensive energy enterprise controlled by the State Power Investment Corporation. It was founded in October 1999. It is primarily engaged in the development, construction, production, operation, trial, repair and maintenance of power plants, the production and sales of crystal silicon products and cell and module of solar energy, the production and sales of electrolytic aluminium, and the development of mineral resources.

2. Under the contract entered into between the Group and Baofeng Group*（寶豐集團）, located in Ningxia Hui Autonomous Region, PRC, in relation to the sales and installation of solar tracking mounting brackets system for the 700MWp agricultural intelligent photovoltaic power station, phase 1 of the grid-connection project as to 350MWp has been completed. Such project has become the largest oblique uniaxial tracking agricultural photovoltaic power station throughout the world. Ningxia Baofeng Group Limited*（寧夏寶豐集團有限公司）has been actively devoted to western development and construction in response to the national western development strategy. After development for over a decade, the Group has established five core segments, namely energy chemical, new energy, medical and pension, wolfberry health and charity, with total assets of RMB42 billion and 13,000 staffs, ranking top 500 private enterprises in China.

3. On 10 August 2016, the Group, Lerri Solar Technology Company Limited*（樂葉光伏科技有限公司）("Lerri Solar") and Xi'an Longji Clean Energy Company Limited*（西安隆基清潔能源有限公司）("Xi'an Longji") (collectively, the "Parties") entered into a strategic cooperation agreement ("Cooperation Agreement"), pursuant to which the Parties shall fully utilise their respective competitiveness in solar photovoltaics industry, technology and resources advantages in tracking mounting brackets system, and monocrystalline technology; and jointly facilitate photovoltaics technology development through cooperation in photovoltaics power station, equipment application and project cooperation and construction.

Lerri Solar, a company incorporated in the PRC with limited liability and established in February 2015, is a wholly-owned subsidiary of Xi'an Longji Silicon Materials Corporation. Lerri Solar is principally engaged in the research and development, production and sales of monocrystalline silicon solar cells and modules.

Xi'an Longji, a company incorporated in the PRC with limited liability and established in May 2014, is a subsidiary of Xi'an Longji Silicon Materials Corporation. Xi'an Longji is principally engaged in the provision of efficient smart solar application system solution and investment, construction and operation of integrated ecological project linking solar power with agricultural, fishing, barren sand treatment and farming and breeding industry.

4. The Group has thoroughly implemented the policy of precision poverty alleviation. According to the performance targets setting out in the Opinion on the Implementation of the Work on Photovoltaic Poverty Alleviation (Fa Gai Neng Yuan [2016] No. 621), the work emphasis by 2020 is that two million poor households (including the disabled) from approximately 35,000 pioneer poor villages with sound light conditions in 471 counties from 16 provinces will be earmarked to develop village-wide installation of photovoltaic power and enhance agricultural productivity to ensure an increment in annual household income by more than RMB3,000 before year 2020. The Group has actively responded to the call of government on precision poverty alleviation by enhancing its investment in projects to alleviate poverty through photovoltaic power generation. Using Tong Jing Guang Fu's tracking bracket not only ensures an increase in power generating capacity and a reduction of power generation cost, but also provides a long-term and stable income to the underprivileged, which will light up a spark of hope for the underprivileged to lift themselves out of poverty. During the reporting period, the Group has secured projects on precision poverty alleviation in a total of approximately 23.1MWp, including:

   4.1 On 21 March 2017, the Group entered into the "General Contract in relation to Photovoltaic Poverty Alleviation EPC Project in Zhenping County", with a project scale of 22MWp, with the Poverty Alleviation Development Office in Zhenping County, Nanyang City, Henan Province, the PRC ("Poverty Alleviation Development Office in Zhenping County"). This is a national photovoltaic poverty alleviation project. As Zhenping County in Henan Province is a national poverty village, the Company has made a great effort into supporting the photovoltaic precision poverty alleviation, vigorously promoted the construction of photovoltaic poverty alleviation and helped the underprivileged to have a stable source of income.

   4.2 On 6 March 2017, the Group entered into the "Contract in relation to the equipment procurement and installation project of the 125KWp photovoltaic ground power station in Weiwei Village, Panji Town" with the People's Government of Panji Town, Huainan City. The power station is a government poverty alleviation project with revenue being received by Weiwei Village.

* *For identification purpose only*

BUSINESS REVIEW (CONTINUED)

5. The Group insists on promoting sound and sustainable development with technology innovation and capturing the market with technological strengths. By continuously investing in and supporting technology research and development, operating in a market-oriented and customer-centric manner as well as leveraging on its development experience in the new energy sector over years and its careful analysis on national policies, the Group is able to provide customers with the intelligent models of ecological integration in the photovoltaic aspects of agriculture (forestry and animal husbandry) and fishery, and the personalised intelligent solutions for hilly land and rooftop, etc. In line with the changes in market demand, during the reporting period, the Group introduced:

5.1. oblique uniaxial tracking mounting brackets system, applying to the project of the 700MWp photovoltaic power station of Ningxia Baofeng Group*（寧夏寶豐集團）in Hong Dun Zi*（紅墩子）mining zone, which will become the largest oblique uniaxial tracking agricultural photovoltaic power stations in the world upon completion; and applying to the 22MWp Photovoltaic Poverty Alleviation EPC Project in Zhenping County, Nanyang City, Henan Province.

5.2. distributed rooftop all-aluminum-alloy oblique uniaxial tracking mounting bracket system, applying to the 700KWp rooftop solar power generation project of Hengliang*（恒亮）.

5.3. truss-type flat uniaxial photovoltaic tracking mounting bracket system (conventional), applying to the project of 50MWp flat uniaxial tracking unit of the Xinyi fishery photovoltaic power station project of Xinyi Solar*（信義光能）in Niubu Town, Wuwei County, Wuhu City, Anhui Province.

5.4. H-shaped flat uniaxial tracking mounting bracket system (conventional), applying to the 45MWp photovoltaic project of Huanghe Hydropower Co., Ltd.*（黃河上游水電有限責任公司）in Hainan Prefecture and the 2.22MW photovoltaic generation project of the combined biochemical pool of Taizhou Jolywood*（泰州中來）.

5.5. all-aluminum-alloy flat uniaxial tracking mounting bracket system, applying to the 45MW photovoltaic project of Huanghe Hydropower Development Co., Ltd.*（黃河上游水電開發有限責任公司）in Golmud.

5.6. adjustable photovoltaic mounting bracket, applying to the 30MW agricultural photovoltaic power station project of China Power Investment Corporation in Futu Town, Yangxin County, Hubei Province.

5.7. photovoltaic mounting bracket system, applying to the 20MW forestal (agricultural) photovoltaic power station project of China Power Investment Corporation in Huangbo Village, Dexing City.

5.8. floating flat uniaxial tracking mounting bracket system, applying to the 531.36KWp fishery photovoltaic power station project of Xinyi Solar Company*（信義光能公司）in the coal mining subsidence area in Huainan, Anhui Province.

5.9. floating all-aluminum-alloy tracking mounting bracket system.

BUSINESS REVIEW (CONTINUED)

With the outstanding core competitiveness bringing by its own patented proprietary technological products, the Group's market share has achieved a steady growth. The Group actively participates in various projects such as photovoltaic fore-runner projects, photovoltaic poverty alleviation projects and distributed photovoltaic projects, helping to solve the problem of electricity consumption in poor areas and provide a long-term source of stable income to poor people on the one hand, while demonstrating the competitive strength and technology strength of the Group's products through fore-runner projects on the other hand. Meanwhile, our floating pontoon has successfully passed the European Union RoHS quality standards certification, marking that the Group has become the first supplier certificated by the TÜV SÜD Hydro-photovoltaic Bracket System in the PRC. Our "power distribution cabinet tracker" has passed the 3C certification.

Food and Beverage Business

The Group is also operating 11 full-service restaurants and 2 cake shops as at 31 March 2017, namely "Inakaya", "Harlan's", "Kaika", "Mekikinoginji-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.

In January 2017, the Group entered into a franchise agreement with a company incorporated in France that operate French fine dining restaurant "LE 39V". The founder was granted the first Michelin Star for "LE 39V" in MICHELIN® Guide of 2012. The Group will operate "LE 39V" in Hong Kong and proposed to be opened in June 2017.

Mekikinoginji-Okinawa

The Group operates three restaurants under the franchise name of "Mekikinoginji-Okinawa" in Tuen Mun, Causeway Bay, Tsim Sha Tsui and one restaurant in Mongkok under the Brand name of "Royal Grill Ginji", which is a famous izakaya chain well known for its creative dishes and contemporary interior design in the Okinawa Prefecture of Japan. The Brand name of "Royal Grill Ginji" was established under the franchise name "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. In March 2017, Inakaya was closed for interior renovation and the restaurant was re-opened in mid of April 2017. The brand new Inakaya evokes not only a modern interpretation, but also retain the traditional image of Tokyo.

Harlan's

With an inviting ambience and plush interior design, Harlan's successfully 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 dinners 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.

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. After interior renovation from end of October to early of December 2016, we believe that our new modern design together with new delicate cuisine can attract wide range group of customers including also the young couples.

PHO Hoi An

This 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.

BUSINESS REVIEW (CONTINUED)

LE 39V (coming in June 2017)

By entering into a franchise agreement with a French company in January 2017, the Group will operate a new Brand "LE 39V" in Hong Kong which is a French fine dining restaurant. The founder of LE 39V in Paris was granted the first Michelin Star for "LE 39V" in MICHELIN® Guide of 2012. LE 39V in Hong Kong will be located at ICC. With the fascinating view of the Victoria Harbour and refined interior design, customers can enjoy the traditional and delicated french recipe with perfectly matched fine wine. The restaurant will be opened in coming June 2017.

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2017, the Group recorded revenue of approximately HK$834,970,000, representing a significant increase of approximately 107% compared with approximately HK$402,685,000 of the corresponding period in 2016. 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 year ended 31 March 2017 amounted to approximately HK$71,641,000 (2016: approximately HK$77,794,000) which was derived from restaurant operations. Despite rising inflation in the market, the Group was still able to maintain the overall cost margin at approximately 30% of revenue from food and beverage business for the two years ended 31 March 2017 and 2016 respectively, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

Contract costs

The contract costs for the year ended 31 March 2017 was approximately HK$508,469,000 (2016: approximately HK$112,208,000). The costs were derived from the renewable energy business which was mainly represented by the cost of construction materials and supplies, subcontracting charges, labour costs, transportation, machine and vehicle rental expenses.

Staff costs

The staff costs increased by approximately 14% to approximately HK$95,119,000 for the year ended 31 March 2017 (2016: approximately HK$83,564,000). The increase was mainly attributable to the increase in the number of staff for the renewable energy business.

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 31% to approximately HK$11,238,000 for the year ended 31 March 2017 (2016: approximately HK$16,334,000). The decrease was mainly attributable to full depreciation of certain assets in the Group.

FINANCIAL REVIEW (CONTINUED)

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2017 amounted to approximately HK$62,794,000 (2016: approximately HK$60,807,000), representing an increase of approximately 3% as compared to the corresponding period in 2016. Such increase was mainly attributable to the newly rented offices for the Group.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 41% to approximately HK$47,132,000 for the year ended 31 March 2017 from approximately HK$33,473,000 for the corresponding period in 2016. Such increase was mainly due to the operation of the renewable energy business.

Net profit

For the year ended 31 March 2017, the Group recorded profit attributable to owners of the company of approximately HK$25,992,000 (For the year ended 31 March 2016: approximately HK$5,078,000). 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

Renewable Energy Business

According to the National Energy Administration, by the end of 2016, China's newly installed photovoltaic capacity amounted to 34.54 million kilowatts, with cumulative installed capacity reaching 77.42 million kilowatts, ranking first in the world in terms of both newly installed capacity and cumulative installed capacity. Various policy support and clear objectives of the country for photovoltaic development have also strengthened the Group's confidence in the new energy industry.

The year 2017 is a key year for the Group to accelerate its growth. The photovoltaic market in China is still in good shape and the total market demand is still large:

1. The Notice of Adjustments to the Price of Photovoltaic Power issued by the National Development and Reform Commission (NDRC) on 26 December 2016 expressly requires to make reasonable guidance on the optimisation of layout planning of the photovoltaic power industry, encourage the eastern region to develop new energy nearby and encourage the adoption of tendering and other market-oriented methods to determine the electricity price of new energy. The Notice will further implement the target requirements as stated in the Energy Development Strategic Action Plan (2014-2020) issued by the General Office of the State Council in relation to the realisation of grid parity of wind power and photovoltaic power by 2020 and reduce the benchmark on-grid tariffs of the newly constructed photovoltaic power stations after 1 January 2017 and the newly approved construction of onshore wind power stations after 1 January 2018. The introduction of the Notice has prompted all photovoltaic enterprises to adopt more reliable tracking system to boost generating capacity in order to improve the price-performance ratio of photovoltaic power generation.

FUTURE PROSPECTS (CONTINUED)

2. The "Energy Production and Consumption Revolution Strategy" issued by the NDRC and the Energy Bureau (hereinafter referred to as the "Strategy") pointed out that the incremental demand mainly depends on clean energy. We should pursue the distributed and centralised development simultaneously, with distributed utilisation as the priority, to promote the renewable energy development at a high proportion. We should vigorously develop wind energy and solar energy, continuously improve the efficiency of power generation, reduce the cost of power generation, and achieve the equal competition with conventional power. The Strategy certainly will lead to further promotion of photovoltaic tracking system, thereby pushing the photovoltaic industry to reduce costs, while improving the efficiency of photovoltaic power generation.

Looking forward, the Group will, on the one hand, increase the proportion of R & D investment, focusing on the research and development of high quality, leading photovoltaic tracking system products with sustained market competitiveness. Through innovation, we aim to improve product performance, reduce power generation cost and promote grid parity. With its own resources and competitive advantages, the Group actively promote the photovoltaic 'fore-runner' project and photovoltaic poverty alleviation project. At the same time, we will continue to maintain the cooperation with large enterprise groups in the industry, so as to increase the market share of the Group's photovoltaic tracking system in the industry. On the other hand, based on the steady development of domestic business, we should expand the market share in the international market. With the sustained global concern on the environmental protection, as well as the great impetus of "The Belt and Road" policy to the application of renewable energy by alongside countries and regions, the Group will also grasp its technical advantages and successful experience to actively deploy overseas market and ensure its products pass UL and relevant international certification standards. Currently, the Group has made cooperation with Egypt, and is planning to sell its products to the United States, Africa, Southeast Asia and other countries in the future.

We believe that under the joint efforts of the Group as a whole, in the photovoltaic market where technological development becomes increasingly mature, the Group's photovoltaic tracking system enjoying technological advantage will gain more recognition and popularity among its peers in the industry, and it will become much more competitive over time with 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. The net proceeds 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 of 31 March 2017, the Group has used approximately HK$21 million of net proceeds from the Placing for the project with Ningxia Baofeng*（寧夏寶豐）, approximately HK$23 million for the project with Xinyi in Wuwei, and approximately HK$2 million for photovoltaic industry-related professional training. 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.

FUTURE PROSPECTS (CONTINUED)

Food and Beverage Business

The Group will continue upholding the current flexible development strategy by putting more resources on those potential profit making outlets. The Group will continue to operate fine-dining and casual dining restaurants as well as restaurants in middle-class market to broaden the stream of customers and diversify its income stream. To maintain its competitive edge, the Group will continue to adhere to its philosophy – "unique dining concepts", by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services.

Looking ahead, the Group anticipates the coming year is still a challenging year. To cope with this, the Group will put effective cost control as first priority in its strategies. We will enhance the operating efficiency of both business segments and streamline our current business operation.

The Board is optimistic that the Group's persistence in the diversification strategy will enable the Group to grow sustainably in the foreseeable future. The Group will continue to make its best efforts in achieving satisfactory returns for the shareholders of the Company.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2017, the share capital and equity attributable to owners of the Company amounted to HK$4,090,000 and approximately HK$152,077,000 respectively (2016: HK$4,000,000 and approximately HK$85,975,000 respectively).

Cash position

As at 31 March 2017, the cash and cash equivalents of the Group amounted to approximately HK$106,740,000 (2016: approximately HK$21,991,000), representing an increase of approximately 385% as compared to that as at 31 March 2016.

Borrowings

As at 31 March 2017, total borrowings of the Group amounted to approximately HK$37,447,000 (2016: 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 31 March 2017 and 2016, the entire issued share capital of Glory Kind Development Limited (a direct wholly-owned subsidiary of the Company) were pledged to secure the issue of a promissory note to an independent third party.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (CONTINUED)

Gearing ratio

As at 31 March 2017, the gearing ratio of the Group was approximately 62% (2016: approximately 37%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade and bills payables, other payables and accruals, tax payable 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

On 3 March 2016, Jiang Shan Shi Tong Jing Guang Fu Limited ("Tong Jing"), an indirect wholly-owned subsidiary of the Company, and Jiang Shan Shi Ming Crystal Limited ("Shi Ming") entered into an acquisition agreement (the "Acquisition Agreement"), pursuant to which Tong Jing has conditionally agreed to acquire and Shi Ming has conditionally agreed to sell the assets, including, mechanical equipment, transportation equipment, electrical equipment and office furniture, at the consideration of RMB4,073,200.

The terms of the Acquisition Agreement (together with the consideration) were determined after arm's length negotiations between the parties and after making reference to the prevailing market rates. Details of the transactions contemplated under the Acquisition Agreement were set out in the announcement of the Company dated 3 March 2016.

Save as disclosed above, there were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 March 2017.

Contingent Liabilities

As at 31 March 2017, the Group had no material contingent liabilities (2016: nil).

Capital Commitment

As at 31 March 2017, the Group had capital commitments of approximately HK$1,530,000 (2016: approximately HK$5,404,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (CONTINUED)

Employees and Emolument Policies

The Group had 452 employees (including Directors) as at 31 March 2017 (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 for both the renewable energy and the food and beverage businesses. 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 are approved by the Board.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: nil).

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 March 2017, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.2.1 as described below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.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 A.2.1 of the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONTINUED)

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 March 2017.

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 31 March 2017, 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 *(Note)*	115,387,000	28.21%
Mr. Xu Shui Sheng	Beneficial owner	3,355,500	0.82%
Ms. Shen Meng Hong	Beneficial owner	1,118,500	0.27%

Note:

These 115,387,000 shares are totally held by Rise Triumph Limited and Signkey Group Limited, of which 111,850,000 shares are held by Rise Triumph Limited and 3,537,000 shares are held by Signkey Group Limited. Mr. Wu Jian Nong beneficially owns 96% and 85% of the issued share capital of Rise Triumph Limited and 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.

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 (CONTINUED)

Save as disclosed above and so far as is known to the Directors, as at 31 March 2017, 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 31 March 2017 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 *(Note 1)*	Beneficial owner	111,850,000	27.35%
Victory Stand *(Note 2)*	Beneficial owner	103,000,000	25.18%

Note:

1. 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.

2. 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 Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen, 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 31 March 2017, 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.

* *For identification purpose only*

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company nor any of its subsidiaries during the year ended 31 March 2017.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the Code. The audit committee has three members comprising the three independent non-executive Directors, namely Mr. Yuan Jiangang, Ms. Wang Xiaoxiong and Mr. Zhou Yuan. The chairman of the audit committee is Mr. Yuan Jiangang. The audit committee of the Company has reviewed the audited annual results of the Group for the year ended 31 March 2017.

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2017. The work performed by HLB in this respect did not constitute assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB in this announcement.

EVENTS AFTER THE REPORTING PERIOD

On 30 March 2017, Tonking New Energy Technology (Shanghai) Limited ("Shanghai Tonking"), an indirect wholly-owned subsidiary of the Group, and Quzhou Jingneng New Energy Technology Company Limited*（衢州景能新能源科技有限公司）("Quzhou Jingneng") entered into an agreement, pursuant to which Quzhou Jingneng has conditionally agreed to acquire and Shanghai Tonking has conditionally agreed to sell the 40% equity interest of Jin Zhai Tong Jing New Energy Limited ("Jin Zhai"), an wholly-owned subsidiary of Shanghai Tonking at the consideration of approximately RMB19,736,000 (equivalent to approximately HK$22,230,000). The transaction completed on 18 May 2017.

On 19 May 2017 (after trading hours), the Company and the subscriber ("Subscriber") entered into a warrant subscription agreement ("Warrant Subscription Agreement") whereby the Company has agreed to issue and the Subscriber has agreed to subscribe for 65,000,000 warrants ("Warrant(s)") at the issue price of HK$0.05 per Warrant. Each Warrant carries the right to subscribe for one warrant share ("Warrant Share(s)"). The issuance of Warrants will entitle the warrant holders to subscribe for an aggregate of up to 65,000,000 Warrant Shares at a Subscription Price of HK$4.45 per Warrant Share (subject to adjustment pursuant to the terms of the Instrument), during the exercise period. The Warrant Shares will be issued under general mandate.

EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

On 5 June 2017 (after trading hours), the Company and the Subscriber entered into a supplemental agreement ("Warrant Subscription Supplemental Agreement") to the Warrant Subscription Agreement, pursuant to which the issue of the Warrants will now be further subject to the passing by the Shareholders, at an extraordinary general meeting to be convened by the Company, of the necessary resolutions approving the Warrant Subscription Agreement and the transactions contemplated thereunder, including the issue of the Warrants and grant of a specific mandate to the Directors for issuance of the Warrants and allotment and issuance of the Warrant Shares upon the exercise of the warrant subscription rights.

For more details, please refer to the announcements of the Company dated 22 May 2017 and 5 June 2017.

Save for the above, the Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 31 March 2017 and up to the date of this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 3 August 2017 (Thursday), at 11:00 a.m., at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong.

For determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 31 July 2017 (Monday) to 3 August 2017 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming AGM all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before 4:30 p.m. on 28 July 2017 (Friday).

PUBLICATION OF 2017 ANNUAL REPORT

The 2017 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at http://www.tonkinggroup.com.hk and the "HKExnews" website of the Stock Exchange at http://www.hkexnews.hk.

APPRECIATION

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

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

Hong Kong, 26 June 2017

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

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

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