



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)**

**2019  
FIRST QUARTERLY  
REPORT**

\* For identification purpose only

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

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**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.**

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

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the “Group”) for the three months ended 30 June 2019, together with the unaudited comparative figures for the respective corresponding periods in 2018 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 30 June 2019*

	Notes	Three months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated)
<b>REVENUE</b>	3	11,027	223,746
Other income	3	3,378	1,176
Cost of food and beverage		–	(14,655)
Contract costs	4	(11,681)	(147,132)
Staff costs		(2,817)	(21,189)
Depreciation and amortisation		(1,038)	(3,925)
Property rentals and related expenses		(194)	(12,594)
Fuel and utility expenses		(17)	(1,140)
Administrative and other operating expenses		(3,879)	(14,478)
Finance cost		(1,572)	(1,212)
<b>(LOSS)/PROFIT BEFORE TAX</b>	4	(6,793)	8,597
Income tax expense	5	(479)	(3,557)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		(7,272)	5,040
Attributable to:			
Owners of the Company		(7,838)	4,969
Non-controlling interests		566	71
		(7,272)	5,040
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted (HK cents)	6	(0.96)	0.61

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 30 June 2019*

	<b>Three months ended 30 June</b>	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	(7,272)	5,040
<b>OTHER COMPREHENSIVE EXPENSE</b>		
<i>Other comprehensive expense to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(6,145)	(14,667)
Other comprehensive expense net of tax	(6,145)	(14,667)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(13,417)</b>	<b>(9,627)</b>
Attributable to:		
Owners of the Company	(13,983)	(7,523)
Non-controlling interests	566	(2,104)
	<b>(13,417)</b>	<b>(9,627)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the three months ended 30 June 2019*

	Attributable to owners of the Company							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 HK\$'000	Total HK\$'000		
At 1 April 2019 (audited)	8,180	71,725	-	8,518	(2,028)	124,327	210,722	19,651	230,373
Loss for the period	-	-	-	-	-	(7,838)	(7,838)	566	(7,272)
Other comprehensive expense for the period	-	-	-	-	(6,145)	-	(6,145)	-	(6,145)
Total comprehensive expense for the period	-	-	-	-	(6,145)	(7,838)	(13,983)	566	(13,417)
<b>At 30 June 2019 (unaudited)</b>	<b>8,180</b>	<b>71,725</b>	<b>-</b>	<b>8,518</b>	<b>(8,173)</b>	<b>116,489</b>	<b>196,739</b>	<b>20,217</b>	<b>216,956</b>
At 1 April 2018 (audited)	8,180	71,725	51,567	7,574	12,884	45,236	197,166	26,315	223,481
Profit for the period	-	-	-	-	-	4,969	4,969	71	5,040
Other comprehensive income for the period	-	-	-	-	(12,492)	-	(12,492)	(2,175)	(14,667)
Total comprehensive income for the period	-	-	-	-	(12,492)	4,969	7,523	(2,104)	(9,627)
At 30 June 2018 (unaudited)	8,180	71,725	51,567	7,574	392	50,205	189,643	24,211	213,854

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months ended 30 June 2019*

### **1. GENERAL INFORMATION**

Tonking New Energy Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies law of the Cayman Islands. The shares of the Company have been listed on the GEM of The Stock Exchange with effect from 21 November 2013. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Unit E, 29th Floor, CNT Tower, No. 338 Hennessy Road, Hong Kong.

During the three months ended 30 June 2019, the Group is principally engaged in the renewable energy business in the People’s Republic of China (the “PRC”).

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

### **2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 June 2019 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2019, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSS”) (which include all HKFRSSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2019. The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements included in the annual report of the Company dated 26 June 2019.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2019 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2019.

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

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 have been prepared under the historical cost convention.

### 3. REVENUE AND OTHER INCOME

	<b>Three months ended 30 June</b>	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Revenue</b>		
Restaurant operations	–	50,862
Construction contracts	11,027	172,884
	<b>11,027</b>	<b>223,746</b>
<b>Other income</b>		
Interest income	28	305
Others	3,350	871
	<b>3,378</b>	<b>1,176</b>

#### 4. LOSS/PROFIT BEFORE TAX

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

	<b>Three months ended 30 June</b>	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cost of food and beverage	–	14,655
Amortisation of intangible assets	365	428
Depreciation	673	3,497
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	194	12,058
Contingent rents	–	82
	<b>194</b>	<b>12,140</b>
Contract costs:		
Cost of construction material and supplies	9,061	139,286
Subcontracting charges and labour costs	2,029	4,363
Transportation	367	1,568
Machine and vehicle rental	68	1,154
Other expenses	156	761
	<b>11,681</b>	<b>147,132</b>
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	2,203	18,713
Retirement benefits scheme contributions	154	1,540
	<b>2,357</b>	<b>20,253</b>
Exchange differences, net	(7)	(19)



5. INCOME TAX EXPENSE

	<b>Three months ended 30 June</b>	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax – Hong Kong – charge for the period	–	526
Current tax – PRC	479	3,031
	<b>479</b>	<b>3,557</b>

**Hong Kong**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the three months ended 30 June 2019 and 2018.

**PRC**

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

Under the PRC Enterprise Income Tax Law (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards.

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

For the three months ended 30 June 2019, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated loss attributable to owners of the Company of approximately HK\$7,838,000 and (ii) the weighted average number of ordinary shares 818,000,000 in issue.

For the three months ended 30 June 2018, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the unaudited condensed consolidated profit attributable to owners of the Company of approximately HK\$4,969,000 and (ii) the restated weighted average number of ordinary shares 818,000,000 in issue.

The diluted loss/earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three months ended 30 June 2019 and 2018.

7. DIVIDENDS

No dividend has been paid or declared by the Company for the three months ended 30 June 2019 and 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Renewable Energy Business

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

As at 30 June 2019, Tonking New Energy Technology (Shanghai) Limited\* (同景新能源科技(上海)有限公司) has four wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited\* (同景新能源科技(江山)有限公司), Horqin Zuo Yi Hou Qi Tong Jing New Energy Limited\* (科爾沁左翼後旗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) and Lin Yi Shi New Energy Limited\* (臨沂市同景新能源有限公司), as well as one non-wholly owned company, namely, Jin Zhai Xian Tong Jing New Energy Limited\* (金寨縣同景新能源有限公司) for the purpose of accelerating the Group's development in the renewable energy business.

During the reporting period, our renewable energy business recorded a total revenue of approximately HK\$11,027,000 (2018 corresponding period: HK\$223,746,000), which was mainly attributable to the provision of one-stop value-added solutions for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems.

The projects of the Company applied the mounting bracket systems independently developed by the Group. The bracket components will be made of high-quality materials such as steel structures and aluminum alloys. The surface will be treated with hot-dip galvanized rust-prevention and vacuum-infiltrated zinc alloy anti-corrosion treatment, with anti-corrosion durability not less than 25 years. As aluminum alloys are light-weighted, recyclable and reusable with strong toughness, high yield strength, and are highly resistant to corrosion, they can minimize costs and maximize overall efficiency. Integration of the above characteristics with the structure of Tonking's mounting bracket can significantly improve the tracking accuracy of the mounting brackets, which can in turn improve the power generation efficiency remarkably. It not only satisfies customer's requirement for corrosion resistance of the product, but also maximizes economic benefits for customers.

The Group will continue to focus on the research and development of photovoltaic tracking systems for various complex terrains, and strive to make new technological breakthroughs so as to provide customers with comprehensive and efficient integrated solutions of solar energy systems.

The Group adheres to promoting healthy and sustainable development based on technological innovation, occupying the market with advanced technologies, increasing investment in technology research and carrying out the market-oriented, customer-centered philosophy. Based on its many years' experience in renewable energy and careful analysis of China's policies, it can provide customers with an ecological integrated intelligence mode combining agriculture (forestry and animal husbandry), fishery and photovoltaic generation, as well as personalized intelligent solutions for mountains, roofs, etc.

With the outstanding core competitiveness brought 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 technological advantage of the Group's products through fore-runner projects on the other hand.

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. Meanwhile, our "power distribution cabinet tracker" has passed the 3C certification and our tracking mounting brackets system has also passed the certification of American Underwriters Laboratories (UL). And at the same time, Tonking New Energy Technology (Jiangshan) Co., Ltd.\* (同景新能源科技(江山)有限公司), a wholly-owned subsidiary of the Group, obtained the Certificate of Class-B Qualification for Engineering Design in relation to Electricity Industry (Renewable Energy Power Generation) (電力行業(新能源發電)專業乙級工程設計資質), which was another development breakthrough made by the Group following the obtaining of the Construction General Contracting Qualification (Class-C) for Electric Engineering (電力工程施工總承包三級資質). This certificate has met the Company's requirements in engineering design of new energy power generation, successfully brought the Company to a new stage of engineering design of the new energy industry and further established the Company's leading position in the new energy industry.

## **FINANCIAL REVIEW**

### **Revenue**

For the three months ended 30 June 2019, the Group recorded revenue of approximately HK\$11,027,000 (2018: approximately HK\$223,746,000), representing an decrease of approximately 95% compared with the three months ended 30 June 2018. The reduction of revenue is mainly due to the policy of photovoltaic power generation on grid parity which lead to the orders are significantly decreased.

### **Cost of food and beverage**

There was no cost of food and beverage for the three months ended 30 June 2019 since the food and beverage business was disposed on 19 December 2018 (2018: approximately HK\$14,655,000).

### **Contract Costs**

The contract costs for the three months ended 30 June 2019 was approximately HK\$11,681,000 (2018: HK\$147,132,000). The costs were derived from the renewable energy business which was mainly attributable to the cost of construction materials and supplies, subcontracting charges and labour costs, transportation, machine and vehicle rental and other expenses.

### **Staff costs**

The staff costs decreased by approximately 87% to approximately HK\$2,817,000 for the three months ended 30 June 2019 (2018: approximately HK\$21,189,000).

### **Depreciation and amortisation**

Depreciation and amortisation decreased by approximately 74% to approximately HK\$1,038,000 for the three months ended 30 June 2019 (2018: approximately HK\$3,925,000).

### **Property rentals and related expenses**

The property rentals and related expenses for the three months ended 30 June 2019 amounted to approximately HK\$194,000 (2018: approximately HK\$12,594,000), representing an decrease of approximately 98% as compared to the corresponding period in 2018. The decrease was mainly due to disposal of food and beverage business on 19 December 2018.

### **Administrative and other operating expenses**

Administrative and other operating expenses decreased by approximately 73% to approximately HK\$3,879,000 for the three months ended 30 June 2019 from approximately HK\$14,478,000 for the corresponding period in 2018.

### **Finance costs**

Finance costs amounted to approximately HK\$1,572,000 for the three months ended 30 June 2019 (2018: HK\$1,212,000).

### **Net loss/profit for the period**

The Group recorded loss attributable to owners of the Company of approximately HK\$7,838,000 (2018: profit of approximately HK\$4,969,000).

## FUTURE PROSPECTS

### 1. **The Notice on the Issues Related to Photovoltaic Power Generation in 2018 (《關於2018年光伏發電有關事項的通知》)**

The National Development and Reform Commission, Ministry of Finance, the National Energy Administration jointly issued this notice on 31 May 2018. Such notice aims to reasonably control the development pace while optimising the new construction scale of photovoltaic power generation; to standardize the development of distributed photovoltaic power; to support photovoltaic power poverty alleviation and achieve targeted poverty alleviation; to proceed the construction of fore-runner bases for photovoltaic power generation in an orderly way; to encourage local governments to support the development of photovoltaic power industry by formulating policies based on their actual situation; to speed up the subsidy reduction process on photovoltaic power generation through lowering the levels of subsidies; to further enhance market-oriented distribution by activating the decisive role of market-oriented resource allocation.

### 2. **The Notice of the National Development and Reform Commission and the National Energy Administration on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies (《國家發展改革委國家能源局關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》)**

In early January 2019, the National Development and Reform Commission and the National Energy Administration jointly issued the Document Fa Gai Neng Yuan [2019] No. 19 (發改能源[2019] 19號文件). The notice aims to carry out the construction of grid parity projects and low-price grid pilot projects, optimize the investment environment for the grid parity projects and low-price grid projects, ensure the implementation of prioritized power generation and fully capacity guaranteed purchase, and encourage the grid parity projects and low-price grid projects to obtain reasonable compensation through transaction of green certificates.

### 3. **The Notice of the National Energy Administration and the State Council Leading Group Office of Poverty Alleviation and Development on Second Batch of Photovoltaic Poverty Alleviation Projects for the 13th FYP Period (《國家能源局國務院扶貧辦關於下達「十三五」第二批光伏扶貧項目計劃的通知》)**

The National Energy Administration issued Guo Neng Fa Xin Neng [2019] No. 37 (國能發新能[2019] 37號) in April 2019. The notice aims to promote photovoltaic poverty alleviation in a solid and orderly manner by strengthening the construction, operation and maintenance management of power stations. The photovoltaic poverty alleviation projects cover a total of 15 provinces (autonomous regions) and 165 counties and involve a total of 3,961 village-level photovoltaic poverty alleviation power stations (hereinafter referred to as power stations) with a total installed capacity of 1,673,017.43 kilowatts.

**4. The Notice of the General Office of the National Energy Administration on Submitting the List of Grid Parity Projects of Wind Power and Photovoltaic Power in 2019 (《國家能源局綜合司關於報送2019年度風電、光伏發電平價上網項目名單的通知》)**

The National Energy Administration also issued the Notice of the General Office of the National Energy Administration on Submitting the List of Grid Parity Projects of Wind Power and Photovoltaic Power in 2019 (《國家能源局綜合司關於報送2019年度風電、光伏發電平價上網項目名單的通知》) in April 2019, which aims to promote the construction of subsidy-free grid parity projects of wind power and photovoltaic power, encourage the voluntary transfer of stock projects to grid parity projects, actively promote the market-oriented trading pilot of distributed power generation, and strictly implement the construction conditions of grid parity projects.

**5. The Notice of the National Energy Administration on the Issues Related to the Construction of Wind Power and Photovoltaic Power Generation Projects in 2019 (《國家能源局關於2019年風電、光伏發電項目建設有關事項的通知》)**

The National Energy Administration issued Guo Neng Fa Xin Neng [2019] No. 49(國能發新能[2019] 49號) in May 2019. The notice aims to actively promote the construction of grid parity projects, strictly regulate the competition allocation of subsidized projects, comprehensively implement the power supply and consumption conditions and optimize the construction of investment and business environment.

In order to speed up the further development in photovoltaic sector, the Group will, on the one hand, increase the proportion of research and development 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 promotes 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 intend to 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 utilise its technical advantages and successful experience to actively establish its presence in overseas markets and ensure its products pass UL testing and meet relevant international certification standards. Currently, the Group has made cooperation with Lebanon, and is planning to sell its products to the Africa, India, Southeast Asia and other countries in the future.

We believe that with 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.

As the national policy of photovoltaic power generation in 2019 aims to actively promote the construction of grid parity projects and strictly regulate the competition allocation of subsidized projects, the management of the Company believes that the new policy will have a great impact on the photovoltaic industry, and the Company will make a proactive response to adapt to the development of the new situation.

## **Liquidity, Financial and Capital Resources**

### ***Capital structure***

As at 30 June 2019, the share capital and equity attributable to owners of the Company amounted to HK\$8,180,000 and approximately HK\$196,739,000 respectively (2018: HK\$8,180,000 and approximately HK\$189,643,000 respectively).

### ***Cash position***

As at 30 June 2019, the cash and cash equivalents of the Group amounted to approximately HK\$45,773,000 (2018: approximately HK\$57,368,000), representing decrease of approximately 20% as compared to that as at 30 June 2018.

### ***Borrowings***

As at 30 June 2019, total borrowings of the Group amounted to approximately HK\$115,156,000 (2018: HK\$96,785,000) which was derived from the issue of a promissory note and loans borrowed from banks. 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. During the year ended 31 March 2019 and the period ended 30 June 2019, the Company extended the promissory note of several times and the new maturity date is 7 March 2020, the terms remain unchanged upon the extension.

During the period, the Group has borrowed short-term bank loans amounted to approximately HK\$74,457,000 which bear interest rate from 5.916% to 6.09% per annum.

### ***Gearing ratio***

As at 30 June 2019, the gearing ratio of the Group was approximately 37% (2018: approximately 39%). The gearing ratio is calculated based on the total debt at the end of the period divided by the total debt plus total equity at the end of the respective period. Total debt represents all liabilities excluding trade payables, bills payable, other payables and accruals, receive in advance, tax payable and provision for reinstatement costs.

## **CORPORATE GOVERNANCE CODE**

During the three months ended 30 June 2019, 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.2.1 as described below.

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.

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

## **COMPETING BUSINESS**

For the three months ended 30 June 2019, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the three months ended 30 June 2019.



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

As at 30 June 2019, 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**

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

Note:

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

Save as disclosed above and so far as is known to the Directors, as at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2019 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	224,380,000	27.43%
Victory Stand (Note 2)	Beneficial owner	206,000,000	25.18%

Note:

- These 224,380,000 Shares are held by Rise Triumph Limited. Mr. Wu Jian Nong beneficially owns 96% of the issued share capital of Rise Triumph Limited. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited for the purpose of the SFO.
- These 206,000,000 Shares are held by Victory Stand International Limited (“Victory Stand”), the entire issued share capital of which is beneficially owned as to 73.88%, 17.41% and 8.71% by Mr. Wu Kai Char, Ms. Wong Wai Ling and Mr. Lui Hung Yen, respectively. Mr. Wu Kai Char is deemed to be interested in all the Shares held by Victory Stand under the SFO.

Save as disclosed above, as at 30 June 2019, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

### SHARE OPTION SCHEME

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

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

There is no option outstanding, granted, cancelled and lapsed during the three months ended 30 June 2019.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors for the three months ended 30 June 2019.

## **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 three months ended 30 June 2019 and this report, and considered that the results and this report have been prepared in accordance with the applicable accounting standards and requirements.

By Order of the Board  
**Tonking New Energy Group Holdings Limited**  
**Mr. Wu Jian Nong**

*Executive Director, Chairman of the Board and Chief Executive Officer*

Hong Kong, 13 August 2019

*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; and the independent non-executive Directors are Mr. Yuan Jiangang, Ms. Wang Xiaoxiong and Mr. Zhou Yuan.*