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)

INTERIM REPORT 2020

* For identification purpose only

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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 six months ended 30 September 2020, together with the unaudited comparative figures for the respective corresponding periods in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2020

		Three months ended 30 September		Six months ended 30 September	
	Notes	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
REVENUE	*4*	26,192	8,329	63,490	19,356
Other income	*4*	1,769	3,151	3,792	6,529
Contract costs	*5*	(29,874)	(11,708)	(60,764)	(23,389)
Staff costs		(1,736)	(2,396)	(3,593)	(5,213)
Depreciation and amortisation		(923)	(1,149)	(1,946)	(2,381)
Fuel and utility expenses		(14)	(24)	(29)	(41)
Administrative and other operating expenses		(4,725)	(1,786)	(6,231)	(5,665)
Finance costs		(694)	(1,414)	(1,135)	(2,986)
(LOSS) BEFORE TAX	*5*	(10,005)	(6,997)	(6,416)	(13,790)
Income tax expense	*6*	1,022	(315)	179	(794)
(LOSS) FOR THE PERIOD		(8,983)	(7,312)	(6,237)	(14,584)
Attributable to:					
Owners of the Company		(9,428)	(7,843)	(7,201)	(15,681)
Non-controlling interests		445	531	964	1,097
		(8,983)	(7,312)	(6,237)	(14,584)

	Notes	Three months ended 30 September 2020 HK$'000 (Unaudited)	Three months ended 30 September 2019 HK$'000 (Unaudited)	Six months ended 30 September 2020 HK$'000 (Unaudited)	Six months ended 30 September 2019 HK$'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
– Basic and diluted (HK cents)	*7*	(1.15)	(0.96)	(0.88)	(1.92)
(LOSS) FOR THE PERIOD		(8,983)	(7,312)	(6,237)	(14,584)
OTHER COMPREHENSIVE EXPENSES					
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		17,951	(6,160)	12,977	(12,305)
Other comprehensive income/(expense), net of tax		17,951	(6,160)	12,977	(12,305)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		8,968	(13,472)	6,740	(26,889)
Attributable to:					
Owners of the Company		8,523	(14,003)	5,776	(27,986)
Non-controlling interests		445	531	964	1,097
		8,968	(13,472)	6,740	(26,889)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK$'000 (Unaudited)	31 March 2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		38,112	38,085
Right-of-use assets		118	467
Intangible assets		5,993	6,084
Non-current prepayments		703	410
Total non-current assets		44,926	45,046
CURRENT ASSETS			
Inventories		7,793	7,186
Contract assets		57,338	102,255
Trade and bills receivables	*9*	176,083	118,167
Prepayments, deposits and other receivables		35,354	25,284
Other financial assets		13,657	1,093
Due from related parties		–	1,305
Pledged deposits		27,199	–
Cash and cash equivalents		49,064	118,214
Tax recoverable		1,282	–
Total current assets		367,770	373,504
CURRENT LIABILITIES			
Contract liabilities		–	163
Trade and bills payables	*10*	49,845	67,461
Other payables and accruals		96,107	54,807
Due to related parties		11,010	11,010
Bank borrowings	*11*	27,085	62,110
Lease liabilities		122	345
Tax payable		–	867
Total current liabilities		184,169	196,763

	Notes	30 September 2020 HK$'000 (Unaudited)	31 March 2020 HK$'000 (Audited)
NET CURRENT ASSETS		183,601	176,741
TOTAL ASSETS LESS CURRENT LIABILITIES		228,527	221,787
Net assets		228,527	221,787
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	8,180	8,180
Reserves		199,233	193,457
		207,413	201,637
Non-controlling interests		21,114	20,150
Total equity		228,527	221,787

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company							
	Issued capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000	Exchange fluctuation reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 March 2020 (audited)	8,180	71,725	9,914	(17,442)	129,260	201,637	20,150	221,787
Loss for the period	–	–	–	–	(7,201)	(7,201)	964	(6,237)
Other comprehensive income for the period	–	–	–	12,977	–	12,977	–	12,977
Total comprehensive income for the period	–	–	–	12,977	(7,201)	5,776	964	6,740
At 30 September 2020 (unaudited)	8,180	71,725	9,914	(4,465)	122,059	207,413	21,114	228,527
At 31 March 2019 (audited)	8,180	71,725	8,518	(2,028)	124,327	210,722	19,651	230,373
Loss for the period	–	–	–	–	(15,681)	(15,681)	1,097	(14,584)
Other comprehensive expense for the period	–	–	–	(12,305)	–	(12,305)	–	(12,305)
Total comprehensive (expense)/ income for the period	–	–	–	(12,305)	(15,681)	(27,986)	1,097	(26,889)
At 30 September 2019 (unaudited)	8,180	71,725	8,518	(14,333)	108,646	182,736	20,748	203,484

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

		Six months ended 30 September	
	Notes	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Net cash (used in)/from operating activities		(20,670)	303,102
Net cash used in investing activities		(12,491)	(298,685)
Net cash used in financing activities		(35,989)	(33,638)
Net decrease in cash and cash equivalents		(69,150)	(29,221)
Cash and cash equivalents at beginning of the period		118,214	78,659
Cash and cash equivalents at end of the period		49,064	49,438
Analysis of balance of cash and cash equivalents			
Cash and bank balances		49,064	49,438

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of The Stock Exchange with effect from 21 November 2013. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Room 1302, 13th Floor, Chevalier House, 45-51 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong.

The Group's principal activity during the six months ended 30 September 2020 was 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 six months ended 30 September 2020 have been prepared in accordance with the accounting principles generally accepted in Hong Kong, and comply with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2020, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2020. The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 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 16 July 2020.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared under the historical cost convention.

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

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st March 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases, and the related interpretations.

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases *(Continued)*

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases *(Continued)*

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets *(Continued)*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases *(Continued)*

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases *(Continued)*

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease modifications *(Continued)*

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st March 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 initially on 1st March 2019. As permitted by HKFRS 16, the Group has elected not to restate comparative figures. Any adjustments to the carrying amounts of assets and liabilities at the date of transaction are recognised in the opening balance in the condensed consolidated statement of financial position at 1st March 2019.

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

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business unit based on their products and services and has one reportable operating segment, namely the renewable energy business segment for the period ended 30 September 2020.

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

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

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

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

3. SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Mainland China	**63,490**	19,356
	63,490	19,356

Information about major customers

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

	Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Customer 1	**14,667**	7,474
Customer 2	**10,452**	2,463
Customer 3	**10,298**	1,529
Customer 4	**7,833**	1,507

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

The Company is domiciled in the Cayman Islands with the Group's major operations located in PRC for the six months ended 30 September 2020. Substantially all of the Group's revenues from external customers for the six months ended 30 September 2020 and 30 September 2019 derived from PRC, the places of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong and PRC.

4. REVENUE AND OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Revenue				
Construction contracts	26,192	8,329	63,490	19,356
	26,192	8,329	63,490	19,356
Other income				
Interest income	22	480	129	508
Others	1,747	351	3.663	1,246
	1,769	3,151	3,792	6,529

5. (LOSS) BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Amortisation of intangible assets	377	320	456	685
Amortisation of right-of-use assets	115	183	261	377
Auditors' remuneration	–	–	–	–
Depreciation	431	646	1,229	1,319
Contract costs:				
Cost of construction materials and supplies	24,183	5,329	53,228	14,390
Subcontracting charges and labour cost	5,116	1,613	6,453	3,642
Transportation	23	34	93	401
Machine and vehicle rental expenses	407	9	596	77
Other expenses	145	4,723	394	4,879
	29,874	11,708	60,764	23,389

5. (LOSS) BEFORE TAX *(Continued)*

	Three months ended 30 September		Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Employee benefits expenses (excluding directors' and chief executive's remuneration):				
Salaries, wages and other benefits	1,104	962	2,669	3,165
Retirement benefit scheme contributions	38	265	45	419
	1,142	1,227	2,714	3,584
Foreign exchange differences, net	13	(10)	19	(17)

6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Current tax – PRC	(1,022)	315	(179)	794
Total tax for the period	(1,022)	315	(179)	794

6. INCOME TAX EXPENSE *(Continued)*

Hong Kong

Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 September 2020 and 2019.

The PRC

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

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

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
(Loss) for the period attributable to owners of the Company	(9,428)	(7,843)	(7,201)	(15,681)
Number of shares				
Weighted average number of shares	818,000	818,000	818,000	818,000

The Group issued and alloted bonus shares on the basis of one bonus share for every one existing share held by the qualifying shareholders on the record date of 25 October 2017. The weighted average number of shares used in the above calculation of basis earnings per share for the relevant periods has been adjusted to reflect the bonus issue of shares, which was completed on 1 November 2017.

(b) The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three and six months ended 30 September 2020 and 2019.

8. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2020 and 2019.

9. TRADE AND BILLS RECEIVABLES

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

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

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

	30 September 2020 HK$'000 (Unaudited)	31 March 2020 HK$'000 (Audited)
Within 1 month	23,732	28,309
Over 1 month but less than 3 months	23,852	46,579
Over 3 months	128,499	44,180
	176,083	119,068

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

	2020 HK$'000
At 1 April 2020	463
Movement in the period	–
At 30 September 2020	463

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

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

10. TRADE AND BILLS PAYABLES

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

	30 September 2020 HK$'000 (Unaudited)	31 March 2020 HK$'000 (Audited)
Within 1 month	12,631	33,144
Over 1 month but less than 2 months	8,774	8,065
Over 2 months	28,440	26,252
	49,845	67,461

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

11. BANK BORROWINGS

On 2 July 2020, 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 Company, signed twelve-month loan agreements with a bank in China, with principal amounts of RMB23,800,000 bearing interest at 5.5% per annum. The loan will be due on 1 July 2021.

12. ISSUED CAPITAL

	Number of ordinary share of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:		
At 31 March 2020 and 30 September 2020	2,000,000,000	20,000
Issued and fully paid:		
At 30 September 2020 (Unaudited)	818,000,000	8,180

13. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Jiangshan Youhe Machinery Co., Ltd.*（江山市友和機械有限公司）(mainly from renewable energy segment) *(note i)*		
– rental expenses	**206**	210
Zhejiang Xingcai AgroSciences Limited*（浙江星菜農業科技有限公司）(mainly from renewable energy segment) *(note i)*		
– rental expenses	**171**	173
	377	383

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

Notes:

(i) These related parties are controlled by Mr. Wu Jian Nong and Mr. Xu Shui Sheng, the executive directors of the Company.

(b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended 30 September	
	2020	2019
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**860**	1,543
Post-employment benefits	**19**	86
	879	1,629

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 of 30 September 2020, Tonking New Energy Technology (Shanghai) Limited*（同景新能源科技（上海）有限公司）has three wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited*（同景新能源科技（江山）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 Tong Jing New Energy Limited*（臨沂市同景新能源有限公司）, as well as one non-wholly-owned holding company, namely, Jin Zhai Xian Tong Jing New Energy Limited*（金寨縣同景新能源有限公司）.

During the reporting period, our renewable energy business recorded a total revenue of approximately HK$63,490,000 (the corresponding period in 2019: HK$19,356,000), which was mainly attributable to the provision of one-stop value-added solutions for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems. During the reporting period, the total contracted installed capacity of the Group was 386.44MW.

During the reporting period,

(I) Signing of new contracts

(1) In April 2020, Tonking New Energy (Jiangshan) and Jiangshan City Changtai Town Huayuan Village Stock Economic Cooperative*（江山市長台鎮花園村股份經濟合作社）entered into a non-governmental procurement contract in relation to the 359.125KW ground-mounted photovoltaic poverty alleviation procurement project in Huayuan Village, Changtai Town

(2) In April 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the procurement project of 40MW photovoltaic brackets of grid-connected power generation for Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）and Jiuquan Huiyang New Energy Power Generation Co., Ltd.*（酒泉輝陽新能源發電有限公司）on Dongdong Beach, Suzhou District

(3) In April 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract of tracking mounting bracket systems for Sungrow Power Supply

(4) In April 2020, Tonking New Energy (Jiangshan) and Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.*（廣西建工集團第二安裝建設有限公司）entered into a purchase and sale contract in relation to the 50MW mounting bracket for the Chongzuo project

(5) In May 2020, Tonking New Energy (Jiangshan) and Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.*（廣西建工集團第二安裝建設有限公司）entered into a purchase and sale contract in relation to the 10MW mounting brackets for the Jiangong Longzhou project

(6) In June 2020, Tonking New Energy (Jiangshan) and Changshan Changfeng Hydropower Branch of Zhejiang Hengchang Industrial Group Co. Ltd.*（浙江恒昌實業集團有限公司常山長風水電分公司）entered into a contract in relation to the Hengchang rooftop photovoltaic project

(7) In June 2020, Tonking New Energy (Jiangshan) and Guangxi Construction Engineering Group No.2 Installation Construction Co., Ltd.*（廣西建工集團第二安裝建設有限公司）entered into a purchase and sale contract in relation to the 30MW mounting brackets for the Chongzuo project

(8) In June 2020, Tonking New Energy (Jiangshan) and Beijing Guodian Futong Science and Technology Development Co., Ltd.*（北京國電富通科技發展有限責任公司）entered into a procurement contract in relation to photovoltaic brackets for the Nanrui Chabei project

(9) In June 2020, Tonking New Energy (Jiangshan) and Beijing Guodian Futong Science and Technology Development Co., Ltd.*（北京國電富通科技發展有限責任公司）entered into a supplementary procurement contract in relation to photovoltaic brackets for the Nanrui Chabei project

(10) In August 2020, Tonking New Energy (Shanghai) and Beijing Changyuan Electric Engineering Co., Ltd.*（北京昶源電力工程有限公司）entered into a sale contract in relation to the 100MW flat uniaxial tracking mounting brackets of Phase I Project and the 100MW flat uniaxial tracking mounting brackets of Phase II Project in Kangbao Ranch Regeneration and Renewable energy Demonstration Base

(11) In August 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a supplementary contract in relation to Jiuquan mounting bracket photovoltaic project

(12) In August 2020, Tonking New Energy (Jiangshan) and Ningxia Baofeng Energy Group Limited*（寧夏寶豐能源集團股份有限公司）entered into the general contract in relation to engineering design, purchase and installment of the 60MWP photovoltaic mounting bracket in solar energy electrolysis water hydrogen energy storage demonstration project

(13) In September 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the photovoltaic brackets for the Dali Chiguang New Energy W 100MW photovoltaic project of Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）

(14) In September 2020, Tonking New Energy (Jiangshan) and Xi'an Longji Clean Energy Company Limited*（西安隆基清潔能源有限公司）entered into a purchase and sale contract in relation to the flat uniaxial tracking mounting brackets power station products of Lot 2020-3# in Hainan Prefecture, Longji

(15) In September 2020, Tonking New Energy (Jiangshan) and Sungrow Power Supply Co., Ltd.*（陽光電源股份有限公司）entered into a procurement contract in relation to the photovoltaic brackets for Wutumeiren 200MW bidding project of Three Gorges Renewables Geermu Green Energy Power Generation Company Limited*（三峽新能源格爾木綠能新能源發電有限公司）in Haixi Prefecture of Sungrow Power Supply

(16) In September 2020, Tonking New Energy (Jiangshan) and 株式會社コスモスエナジー entered into a contract in relation to the 298.62kW flat single axis brackets system project of the 1.50MW photovoltaic project in Igadani, Hyogo Prefecture, Japan

(17) In September 2020, Tonking New Energy (Jiangshan) and Jiangshan City Tanshi Town Shangwang Village Stock Economic Cooperative*（江山市壇石鎮上王村股份經濟合作社）entered into a non-government procurement contract in relation to the 352KWP ground decentralized photovoltaic poverty alleviation project in Shangwang Village, Tanshi Town, Jiangshan City

Based on the accumulated advantages of providing one-stop solutions (EPC, maintenance support and operation) for photovoltaic power plants, combined with big data analysis technology, AI control technology, wireless communication technology, the Group is committed to building a digital and intelligent photovoltaic tracking control platform. It can achieve the purposes of reducing costs and increasing power generation, while achieving intelligent and unmanned management of photovoltaic power plants, so as to improve the competitiveness of the Company's products.

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

In order to stabilise the Group's market share in bracket products and maintain the market competitiveness of the products, the Group has concentrated its strengths to fully upgrade the technology for its existing bracket products. Taking safety and stability as the breakthrough point, it has developed a multi-point linkage bracket system. Based on the original technology, the system has been technically upgraded for the core transmission system, which has adopted a torque transmission system that can adapt to the complex environment and terrain instead of the original push rod transmission system. And it has carried out a modular design for the entire bracket system, with each module designed with a stable self-locking mechanism, which has further upgraded the safety performance of the bracket products.

In order to improve the utilisation rate of land resources, the Group has sorted out and integrated various technical points of the bracket system through technical means such as wind tunnel tests, software simulations and theoretical calculations, and analysed various forms of brackets in the industry. After in-depth analysis and comparison of original needs, a herringbone bracket system with high land utilization has been developed. The bracket products have broken the inherent design thinking and used structural advantages, which have not only greatly reduced the impact of external loads on the brackets, but also enabled comprehensive design based on the project's geography, climate and other factors to meet the project needs to the greatest extent.

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 is 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, which has 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 six months ended 30 September 2020, the Group recorded an unaudited revenue of approximately HK$63,490,000, representing a increase of approximately 228% compared with approximately HK$19,356,000 of the corresponding period in 2019. The increase of revenue was mainly due to the policy of photovoltaic power generation on grid parity which lead to sales orders were significantly increased.

Staff costs

The staff costs for the six months ended 30 September 2020 amounted to approximately HK$3,593,000 representing a decrease by approximately 31% when compared with that of approximately HK$5,213,000 from the corresponding period in 2019.

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 18% to approximately HK$1,946,000 for the six months ended 30 September 2020 (2019: approximately HK$2,381,000).

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 10% to approximately HK$6,231,000 for the six months ended 30 September 2020 from approximately HK$5,665,000 for the corresponding period in 2019.

Net loss for the period

For the six months ended 30 September 2020, the Group recorded loss attributable to owners of the Company of approximately HK$7,201,000 (2019: loss of approximately HK$15,681,000).

FUTURE PROSPECTS

1. **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 revenue compensation through transaction of green certificates.

2. **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.

3. 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 grid parity projects of wind power and photovoltaic power without subsidies, 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.

4. 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.

5. The Notice of the National Energy Administration on the Issues Related to the Construction of Wind Power and Photovoltaic Power Generation Projects in 2020 (《國家能源局關於2020年風電、光伏發電項目建設有關事項的通知》)

In January 2020, the Notice of the National Energy Administration on the Issues Related to the Construction of Wind Power and Photovoltaic Power Generation Projects in 2020 (consultative draft) (《國家能源局關於2020年風電、光伏發電項目建設有關事項的通知》(徵求意見稿)) specifies the total budget amount for subsidizing new photovoltaic power generation projects in 2020 shall be RMB1.5 billion. Among which, RMB500 million will be used for civilian photovoltaic projects, while bidding projects, including centralized photovoltaic power stations and industrial and commercial distributed photovoltaic projects, will be constructed based on total subsidy amounting to RMB1 billion.

6. The Notice on the Issues Related to the Construction of Photovoltaic Power Generation Projects in 2020 (《2020年光伏發電項目建設有關事項的通知》)

In March 2020, the National Energy Administration officially announced the Notice on the Issues Related to the Construction of Photovoltaic Power Generation Projects in 2020 (《2020年光伏發電項目建設有關事項的通知》). According to the Notice, the construction of the subsidized bidding projects (including centralized photovoltaic power plant and industrial and commercial distributed photovoltaic projects) will be performed according to the total subsidies of RMB1 billion. The overall idea, project management, and competitive allocation methods of competitive allocation work are still implemented according to the competitive allocation work plan of the 2019 photovoltaic power generation projects.

7. Guidelines on Energy Work in 2020 (《2020年能源工作指導意見》)

In June 2020, the National Energy Administration issued the notice of Guidelines on Energy Work in 2020 (《2020年能源工作指導意見》)

The notice specifies that in 2020, trial continuous settlement of electricity spot market shall be pushed forward, and the official operation shall be run in those areas where conditions are met. The reform of separation of principal and auxiliary businesses of power enterprises shall be further advanced. The problems of key technical equipment for energy sector shall be tackled in an appropriate and orderly manner and therefore promoting the technological progress and industrial development in storage and hydrogen energy.

The notice proposes to develop the clean energy industry and facilitate the transformation of energy structure; continuously develop non-fossil energy; implement the Notice on the Issues Related to the Construction of Wind Power and Photovoltaic Power Generation Projects in 2020 (《關於2020年風電、光伏項目建設有關事項的通知》) to maintain the scale and development pace of wind power and photovoltaic power in a reasonable manner; orderly facilitate the construction of centralized wind power, photovoltaic power and offshore wind power and expedite the development of distributed photovoltaic power and distributed wind power in Central China, Eastern China and Southern China; actively promote grid parity of wind power and photovoltaic power; develop hydropower in a proactive but prudent manner and launch hydropower planning adjustment on the Ya-lung River, the upstream of the Yellow River, the Wujiang River and the Hongshui River to speed up the construction of leading reservoirs; develop nuclear power safely and steadily advance project construction and comprehensive utilization of nuclear energy, etc.

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 and 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 mounting bracket 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 grasp its own technical advantages and successful experience to actively deploy overseas market and at the same time, its products have passed UL testing and relevant international certification standards. Currently, the Group has made cooperation with Lebanon, and is planning to sell its products to Africa, India, 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.

As the national policy of photovoltaic power generation in 2020 aims to actively promote the construction of grid parity projects and strictly regulate the competitive allocation of subsidized projects, the management of the Company believes that the new policy will have a great impact on the photovoltaic industry. 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 September 2020, the share capital and equity attributable to owners of the Company amounted to HK$8,180,000 and approximately HK$207,413,000 respectively (31 March 2020: HK$8,180,000 and approximately HK$201,637,000 respectively).

Cash position

As at 30 September 2020, the cash and cash equivalents of the Group amounted to approximately HK$49,064,000 (31 March 2020: approximately HK$118,214,000), representing an decrease of approximately 58% as compared to that as at 31 March 2020.

Borrowing

On 2 July 2020, 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 Company, signed twelve-month loan agreements with a bank in China, with principal amounts of RMB23,800,000 bearing interest at 5.5% per annum. The loan will be due on 1 July 2021.

Gearing ratio

As at 30 September 2020, the gearing ratio of the Group was approximately 14% (31 March 2020: approximately 25%). The gearing ratio is calculated based on the total debt at the end of the period/year divided by the total debt plus total equity at the end of the respective period/year. Total debt represents all liabilities excluding trade and bills payables, other payables, accruals and receive in advance , tax payables and provision for reinstatement costs.

Exchange Rate Exposure

The Group is principally engaged in the renewable energy business in the PRC. As the renewable energy business segment of the Group has subsidiaries operating in the PRC, in which most of their transactions are denominated in Renminbi, the Group is exposed to foreign exchange fluctuations in Renminbi.

The Group has not entered into any foreign exchange contract as hedging measures. The Group manages its foreign currency risk against Renminbi by closely monitoring its movement and the management may consider using hedging derivative, to manage its foreign currency risk in future should the need arises.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

There were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2020.

Contingent Liabilities

As at 30 September 2020, the Group had no material contingent liabilities (31 March 2020: nil).

Capital Commitment

As at 30 September 2020, the Group had no capital commitment (31 March 2020: nil).

Employee and Emolument Policies

The Group had 97 employees (including Directors) as at 30 September 2020 (31 March 2020: 93 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2020, 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 of the Code 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 six months ended 30 September 2020, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2020.

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

As at 30 September 2020, 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)*	231,454,000	28.30%

Note:

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

Save as disclosed above and so far as is known to the Directors, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2020 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 International Limited ("Victory Stand") *(Note 2)*	Beneficial owner	206,000,000	25.18%

Note:

1. 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.

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

Save as disclosed above, as at 30 September 2020, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

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

There is no option outstanding, granted, cancelled and lapsed during the six months ended 30 September 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors for the six months ended 30 September 2020.

AUDIT COMMITTEE

The Company has established an audit committee with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the Code. The primary duties of the audit committee are (i) to review the financial systems of the Group; (ii) to review the accounting policy, financial position and financial reporting procedures of the Group; (iii) to communicate with external auditors; (iv) to assess the performance of internal financial and audit personnel; and (v) to assess the internal controls of the Group. The audit committee has reviewed the unaudited condensed consolidated financial statements and the results of the Group for the six months ended 30 September 2020 and this report, and considered that the results and this report have been prepared in accordance with the applicable accounting standards and requirements.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this report.

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

Hong Kong, 12 November 2020

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

CORPORATE INFORMATION

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

Independent Non-executive Directors
Mr. Yuan Jiangang
Mr. Zhou Yuan
Ms. Wang Xiaoxiong

Company Secretary
Mr. Cheng Man For (ACIS)

Authorised Representatives
Ms. Shen Meng Hong
Mr. Cheng Man For

Audit Committee
Mr. Yuan Jiangang *(Chairman)*
Mr. Zhou Yuan
Ms. Wang Xiaoxiong

Remuneration Committee
Mr. Zhou Yuan *(Chairman)*
Mr. Yuan Jiangang
Ms. Wang Xiaoxiong

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

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

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Grand Cayman KY1-1108
Cayman Islands

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Hong Kong

Principal Share Registrar and Transfer Office
Ocorian Trust (Cayman) Ltd.
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

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

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

Auditors
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Adviser
As to Hong Kong law:
Li & Partners

Stock Code
8326

Company's Website
www.tonkinggroup.com.hk