



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)

THIRD QUARTERLY REPORT

2022



* For identification purpose only

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the “Group”) for the three and nine months ended 31 December 2022 (hereinafter the nine months ended 31 December 2022 are referred to as the “Reporting Period”), together with the unaudited comparative figures for the respective corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2022

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE	3	234,806	66,287	447,476	219,417
Contract costs and cost of sales	4	(218,153)	(58,451)	(407,569)	(195,456)
Gross profit		16,653	7,836	39,907	23,961
Other income	3	2,897	3,987	11,121	11,335
Administrative and other operating expenses		(9,216)	(9,352)	(22,004)	(22,554)
Finance cost		(996)	(1,039)	(2,817)	(2,633)
PROFIT BEFORE TAX	4	9,338	1,432	26,207	10,109
Income tax	5	(2,554)	(330)	(7,163)	(53)
PROFIT FOR THE PERIOD		6,784	1,102	19,044	10,056
Attributable to:					
Owners of the Company		6,578	777	17,924	9,002
Non-controlling interests		206	325	1,120	1,054
		6,784	1,102	19,044	10,056

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the three and nine months ended 31 December 2022

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
– Basic and diluted (HK cents)	6	0.80	0.09	2.19	1.10
PROFIT FOR THE PERIOD		6,784	1,102	19,044	10,056
OTHER COMPREHENSIVE INCOME/(EXPENSE)					
<i>Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		5,369	5,562	(28,598)	8,860
Other comprehensive income/(expense), net of tax		5,369	5,562	(28,598)	8,860
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		12,153	6,664	(9,554)	18,916
Attributable to:					
Owners of the Company		11,550	5,624	(8,573)	17,145
Non-controlling interests		603	1,040	(981)	1,771
		12,153	6,664	(9,554)	18,916

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 31 December 2022*

	Attributable to owners of the Company							Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2022 (audited)	8,180	71,725	12,885	13,682	123,156	229,628	22,228	251,856
Profit for the period	-	-	-	-	17,924	17,924	1,120	19,044
Other comprehensive expense for the period	-	-	-	(26,497)	-	(26,497)	(2,101)	(28,598)
Total comprehensive expense for the period	-	-	-	(26,497)	17,924	(8,573)	(981)	(9,554)
Transfer to statutory reserves	-	-	340	-	(340)	-	-	-
At 31 December 2022 (unaudited)	8,180	71,725	13,225	(12,815)	140,740	221,055	21,247	242,302
At 1 April 2021 (audited)	8,180	71,725	11,101	2,869	119,443	213,318	22,671	235,989
Profit for the period	-	-	-	-	9,002	9,002	1,054	10,056
Other comprehensive income for the period	-	-	-	8,143	-	8,143	717	8,860
Total comprehensive income for the period	-	-	-	8,143	9,002	17,145	1,771	18,916
Acquisition of non-controlling interests	-	-	-	-	-	-	5	5
Transfer to statutory reserves	-	-	15	-	(15)	-	-	-
At 31 December 2021 (unaudited)	8,180	71,725	11,116	11,012	128,430	230,463	24,447	254,910

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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 of Hong Kong Limited (the “Stock Exchange”) with effect from 21 November 2013. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Room 701, 7th Floor, Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

The Group’s principal activity during the nine months ended 31 December 2022 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 nine months ended 31 December 2022 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 nine months ended 31 December 2022 are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2022, except for the adoption of the new and revised HKFRSs (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 2022. The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 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 28 June 2022.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 have been prepared under the historical cost convention.

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

Application of new and amendments to HKFRSs

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of these amendments to HKFRSs during the nine months ended 31 December 2022 had no material impact on the Group’s financial performance and positions for the nine months ended 31 December 2022 and 2021 and/or on the disclosure set out in these condensed consolidated financial statements.

3. REVENUE AND OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)	2022 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)
Revenue				
Construction contracts	234,806	66,287	447,476	219,417
Other income				
Interest income	1,333	146	3,141	775
Electricity income	1,173	1,635	6,019	5,824
Others	391	2,206	1,961	4,736
	2,897	3,987	11,121	11,335

4. PROFIT BEFORE TAX

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

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Depreciation	556	612	1,726	1,851
Amortisation of intangible assets	195	222	611	665
Amortisation of right-of-use assets	-	1	-	3
Contract costs:				
Cost of construction material and supplies	132,950	46,252	276,586	168,228
Subcontracting charges and labour cost	60,053	10,405	99,468	21,229
Transportation	445	175	1,323	773
Machine and vehicle rental	830	706	1,785	2,530
Other expenses	23,875	913	28,407	2,696
	218,153	58,451	407,569	195,456
Employee benefits expenses (excluding directors' and chief executive's remuneration):				
Salaries, wages and other benefits	3,102	5,254	5,681	7,492
Retirement benefits scheme contributions	699	(20)	1,829	314
	3,801	5,234	7,510	7,806
Exchange differences, net	7	29	(22)	30

5. INCOME TAX

	Three months ended 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax - Hong Kong	-	-	-	-
Current tax - PRC	(2,554)	(330)	(7,163)	(53)
	(2,554)	(330)	(7,163)	(53)

Hong Kong

No provision for Hong Kong Profits Tax has been recognised in the condensed consolidated financial statements for the three and nine months ended 31 December 2022 as the Group did not have any profit which arises in or is derived from Hong Kong (2021: Nil).

The PRC

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

Under the PRC 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.

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS 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 31 December		Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
The Group's profit for the periods attributable to owners of the Company	6,578	777	17,924	9,002
Number of shares				
Weighted average number of shares	818,000	818,000	818,000	818,000

- (b) The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three and nine months ended 31 December 2022 and 2021.

7. DIVIDENDS

No dividends have been paid or declared by the Company during the nine months ended 31 December 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

Renewable Energy Business

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

As of 31 December 2022, Tonking New Energy Technology (Shanghai) Limited* (同景新能源科技(上海)有限公司) has 2 wholly-owned subsidiaries, namely, Tonking New Energy Technology (Jiangshan) Limited* (同景新能源科技(江山)有限公司) and Lin Yi Shi Tong Jing New Energy Limited* (臨沂市同景新能源有限公司), as well as 1 non-wholly-owned subsidiary, 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\$447,476,000 (corresponding period in 2021: HK\$219,417,000), 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 Group was 938.2 MW.

During the Reporting Period, the following new contracts were signed:

- (1) In April 2022, Tonking New Energy (Jiangshan) Limited and China Datang Group Technology Engineering Co., Ltd.* (中國大唐集團科技工程有限公司) entered into the Photovoltaic Power Generation Project in Datang Huaibei Wugou Coal Mining Subsidence Area
- (2) In April 2022, Tonking New Energy (Jiangshan) Limited and Baiyun Mingde (Beijing) International Engineering Management Co., Ltd.* (白雲明德(北京)國際工程管理有限公司) entered into the Kangbao Mounting Bracket Project (supplemental order)
- (3) In May 2022, Tonking New Energy (Jiangshan) Limited and China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd.* (中國能源建設集團天津電力建設有限公司) entered into the Ningdu Photovoltaic Project at the Jiangxi Electric Power Fenyi Power Plant
- (4) In May 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the 100MW Photovoltaic Power Generation Project in Nachen Town, Liangqing District, Guangxi
- (5) In May 2022, Tonking New Energy (Jiangshan) Limited and Zhonghe Huatai Construction Co., Ltd.* (中核華泰建設有限公司) entered into the Fishery and Photovoltaic Complementary Photovoltaic Power Generation Project in Qibu Town, Wanning County
- (6) In May 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Electric Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Rooftop Project in relation to Qibang Door Industry (旗邦門業)

* For identification purposes only

- (7) In June 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Photovoltaic Power Generation Project in Nachen Town, Liangqing District, Guangxi (supplemental order)
- (8) In June 2022, Tonking New Energy (Jiangshan) Limited and Gansu Yanwei New Energy Co., Ltd.* (甘肅顏偉新能源有限公司) entered into the Intelligent Agricultural and Photovoltaic Complementary Photovoltaic Power Generation Project in Ganzhou District
- (9) In June 2022, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the Sungrow New Energy Tracking Bracket Project in Xuancheng
- (10) In June 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Rooftop Phase II Project of Kaiyang Wood
- (11) In June 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Jinkai Technology Distributed Photovoltaic Project in Jiangshan, Quzhou City
- (12) In June 2022, Tonking New Energy (Jiangshan) Limited and Kaihua Dianyou Electrical Engineering Co., Ltd.* (開化電友電氣工程有限公司) entered into the Rooftop Distributed Photovoltaic Power Generation Project of Zhejiang Jingma Machinery Co., Ltd.* (浙江精瑪機械有限公司) in Kaihua County, Quzhou City
- (13) In June 2022, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the Fishery and Photovoltaic Complementary Project in Donjin Village, Huzhen Town, Longyou County
- (14) In June 2022, Tonking New Energy (Jiangshan) Limited and China Resources Wind Power (Guangshui) Co., Ltd.* (華潤風電(廣水)有限公司) entered into the Photovoltaic Site Construction for the Phase I Photovoltaic Project of Wind and Solar Power Storage Integration of China Resources in Xiaochang
- (15) In September 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the Baiji 50MW Mounting Bracket Project of Guangxi Construction Engineering Group NO.2 Installation Construction CO., Ltd.
- (16) In September 2022, Tonking New Energy (Jiangshan) Limited and the Joint-stock Economic Cooperative of Shangxi Village, Tanshi Town, Jiangshan City, Zhejiang Province* (浙江省江山市壇石鎮上溪村股份經濟合作社) entered into the Photovoltaic Project in Shangxi Village, Tanshi Town, Jiangshan City
- (17) In September 2022, Tonking New Energy (Jiangshan) Limited and Zhejiang Hengchang Industrial Group Co. Ltd.* (浙江恒昌實業集團有限公司) entered into the Hengchang 1188KW Rooftop Project
- (18) In September 2022, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the Power Station Project in Huzhen Town, Longyou County

* For identification purposes only

- (19) In October 2022, Tonking New Energy (Jiangshan) Limited and Huanghe Xinye Co., Ltd.* (黃河鑫業有限公司) entered into the Shandan Phase I Bracket Sales Project
- (20) In October 2022, Tonking New Energy (Jiangshan) Limited and Guangxi Shengjun Trading Co., Ltd.* (廣西昇俊貿易有限公司) entered into the New Baiji Mounting Bracket Project of Guangxi Construction Engineering Group NO.2 Installation Construction CO., Ltd. (for special terrain)
- (21) In October 2022, Tonking New Energy (Jiangshan) Limited and Longyou Zelong Power Engineering Co., Ltd.* (龍游澤龍電力工程有限公司) entered into the 7 MW Fishery and Photovoltaic Complementary Project in Tongcun Village, Huzhen Town, Longyou County
- (22) In November 2022, Tonking New Energy (Jiangshan) Limited 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 the Dongfeng Liuzhou Motor Carport Bracket Project of Guangxi Construction Engineering Group NO.2 Installation Construction CO., Ltd. in Liuzhou
- (23) In November 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Jiangneng Photovoltaic Technology Co., Ltd.* (江山市江能光伏科技有限公司) entered into the Multiple-packaging Rooftop Project of 0.25MW Photovoltaic Power Generation in Zhejiang
- (24) In December 2022, Tonking New Energy (Jiangshan) Limited and Sungrow New Energy Development Co., Ltd.* (陽光新能源開發股份有限公司) entered into the 100MW Project of Diyang Yangxian Township in Xuancheng
- (25) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangsu SUMEC Electricity Co., Ltd.* (江蘇蘇美達電力運營有限公司) entered into the 100Mwp Photovoltaic Project of Solar Power Storage Integration in Xinyu
- (26) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangsu SUMEC Electricity Co., Ltd.* (江蘇蘇美達電力運營有限公司) entered into the Supplemental 100Mwp Photovoltaic Project of Solar Power Storage Integration in Xinyu
- (27) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangxi Ruisen Electric Power Construction Co., Ltd.* (江西省瑞森電力建設有限公司) entered into the EPC Installation and Construction Project in relation to the Jiangxi Longyuan New Energy Photovoltaic Power Generation Project in Shangyou County, Jiangxi Province
- (28) In December 2022, Tonking New Energy (Jiangshan) Limited and Jingdezhen Shengjie Power Construction Co., Ltd.* (景德鎮聖傑電力建設有限公司) entered into the Carport 491.7kw Decentralized Photovoltaic Power Generation Project in Leping, Jiangxi Province
- (29) In December 2022, Tonking New Energy (Jiangshan) Limited and Jingdezhen Shengjie Power Construction Co., Ltd.* (景德鎮聖傑電力建設有限公司) entered into the Rooftop Decentralized Photovoltaic Power Generation Project of Guoneng New Energy Industry Co., Ltd. Yugan Branch* (國能新能源產業有限公司余幹分公司) in Leping
- (30) In December 2022, Tonking New Energy (Jiangshan) Limited and Jiangshan Electric Power Development Co., Ltd.* (江山市電力發展有限責任公司) entered into the Kaiyang Phase II and III Project

* For identification purposes only

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

Technological innovation has become the only way for domestic photovoltaic enterprises. In order to stabilize the Company market share in bracket products and maintain the market competitiveness of the products, Tonking New Energy, as an innovator and leader in the field of photovoltaic brackets, has developed a multi-point linkage bracket system with safety and stability as the breakthrough point through professional calculation software such as PVsyst, Ansys, Sap2000 and finite element analysis, while continuously improving its technology and advancement. Based on the original technology, the system has been technically upgraded in terms of 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 utilization 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 analyzed 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.

With the continuous reduction of high-quality project resources, it has become a new objective demand to solve the box-type transformer platform of surface power station. Therefore, the Group integrated resources, aggregated superior strength, combined with customers' needs and suggestions, and developed a floating water tank transformer installation platform with double buoyancy protection on the premise of safety and stability. The floating water surface box-type transformer installation platform adopts a sealed floating box with solid filling to provide double buoyancy protection; by simulating the ship's stability, the platform structure is optimized to make it have the ability of resisting wind and wave capsizing.

With the advancement of photovoltaic projects, fresh water surface resources are rapidly consumed, and the sea area with better offshore conditions has become the new focus of surface photovoltaic projects. In quick response to the market demand, the Group has made great efforts to develop floating photovoltaic brackets on the sea surface, and adopted a combination of new stainless steel materials resistant to complex seawater environment and new material painting and anticorrosion technology to create floating photovoltaic brackets suitable for the sea surface environment.

According to the different needs of market customers, the Group has comprehensively upgraded the technology of existing bracket products, and developed a full series of tracking control systems with various installation modes, power intake modes and communication modes. At the same time, aiming at the fixed adjustable bracket system, a tool-based and intelligent detachable adjustment system is designed, which can further save the bracket cost and reduce the labor cost on operation and maintenance.

The proposal of the targets of hitting peak carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, forecasts the arrival of the new energy era with solar photovoltaic power generation as the main driving force. While constantly innovating, Tonking New Energy strives to bring the most visible benefits and the most decent services to users. The Company has been adhering to the core values of “with Tonking New Energy, we creating and sharing together” and the vision “becoming an enterprise with global influence in the field of light energy”, and is committed to building green ecological intelligent photovoltaic power stations in the world, so that human beings can fully enjoy light energy!

FINANCIAL REVIEW

Revenue

For the nine months ended 31 December 2022, the Group recorded an unaudited revenue of approximately HK\$447,476,000, representing an increase of approximately 104% compared with approximately HK\$219,417,000 of the corresponding period in 2021. The increase of revenue was mainly attributed to the policy of photovoltaic power generation on grid parity which led to a significant increase in sales orders.

Contract costs

The contract cost for the nine months ended 31 December 2022 was approximately HK\$407,569,000 (2021: HK\$195,456,000). The costs were derived from the renewable energy business which was mainly represented by the cost of construction materials and supplies, subcontracting charges and labour cost, transportation, machine and vehicle rental and other expenses.

Total administrative and other operating expenses

Total administrative and other operating expenses decreased by approximately 2% to approximately HK\$22,004,000 for the nine months ended 31 December 2022 from approximately HK\$22,554,000 for the corresponding period in 2021.

Staff costs

The staff costs decreased by approximately 4% to approximately HK\$7,510,000 for the nine months ended 31 December 2022 from approximately HK\$7,806,000 for the corresponding period in 2021.

Depreciation and amortisation

Depreciation and amortisation decreased by approximately 7% to approximately HK\$2,337,000 for the nine months ended 31 December 2022 from approximately HK\$2,519,000 for the corresponding period in 2021.

Finance costs

Finance costs increased by approximately 7% to approximately HK\$2,817,000 for the nine months ended 31 December 2022 from approximately HK\$2,633,000 for the corresponding period in 2021.

Net profit

For the nine months ended 31 December 2022, the Group recorded a profit attributable to owners of the Company of approximately HK\$17,924,000 (2021: HK\$9,002,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**Capital structure**

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to HK\$8,180,000 and approximately HK\$221,055,000 respectively (as at 31 March 2022: HK\$8,180,000 and HK\$229,628,000 respectively).

Cash position

As at 31 December 2022, the cash and cash equivalents of the Group amounted to approximately HK\$87,237,000 (as at 31 March 2022: HK\$34,582,000), representing an increase of approximately 152% as compared to that as at 31 March 2022.

Borrowing

As at 31 December 2022, borrowing of the Group amounted to approximately HK\$48,136,000 (31 March 2022: HK\$40,761,000).

During the period, the Group has borrowed short-term bank loans amounted to approximately HK\$48,136,000 which bears interest rate from 3.8% to 5.5% per annum.

Gearing ratio

As at 31 December 2022, the gearing ratio of the Group was approximately 31% (as at 31 March 2022: 28%). The gearing ratio is calculated based on the total debt at the end of the period/year divided by the total debt plus total equity at the end of the respective period/year. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payables and provision for reinstatement costs.

COMPETING BUSINESS

For the nine months ended 31 December 2022, 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 nine months ended 31 December 2022.

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

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares (the “Shares”), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

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

Note:

These 231,454,000 Shares are totally held by Rise Triumph Limited and Signkey Group Limited, of which 224,380,000 shares are held by Rise Triumph Limited and 7,074,000 shares are held by Signkey Group Limited. Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong beneficially owns 96%, 3% and 1% of the issued share capital of Rise Triumph Limited respectively. Mr. Xu Shui Sheng and Ms. Shen Meng Hong are therefore deemed to held 6,731,400 Shares (being 0.82%) and 2,243,800 Shares (being 0.27%) of the Shares of the Company respectively. Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong beneficially own 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 31 December 2022, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2022 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Long positions in the Shares

Name of Shareholders	Nature of Interest	Number of Shares interested	Approximate percentage of shareholding
Rise Triumph Limited (<i>Note 1</i>)	Beneficial owner	224,380,000	27.43%
Victory Stand International Limited (“Victory Stand”) (<i>Note 2</i>)	Beneficial owner	206,000,000	25.18%

Note:

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

Save as disclosed above, as at 31 December 2022, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

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

There was no option outstanding as at 31 December 2022.

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 nine months ended 31 December 2022.

AUDIT COMMITTEE

The Company has established an audit committee with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs D.3.3 and D.3.7 of the Code. The primary duties of the audit committee are (i) to review the financial systems of the Group; (ii) to review the accounting policy, financial position and financial reporting procedures of the Group; (iii) to communicate with external auditors; (iv) to assess the performance of internal financial and audit personnel; and (v) to assess the internal controls of the Group. The audit committee has reviewed the unaudited condensed consolidated financial statements and the results of the Group for the nine months ended 31 December 2022 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
Wu Jian Nong
*Executive Director, Chairman of the Board and
Chief Executive Officer*

Hong Kong, 10 February 2023

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