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)

ANNUAL REPORT 2025

* 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.

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.

Contents

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

Ms. Wang Xiaoxiong
Mr. Zhou Yuan
Mr. Shen Fuxin

Company Secretary

Mr. Ong Chi King

Compliance Officer

Ms. Shen Meng Hong

Authorised Representatives

Ms. Shen Meng Hong
Mr. Ong Chi King

Audit Committee

Ms. Wang Xiaoxiong *(Chairman)*
Mr. Zhou Yuan
Mr. Shen Fuxin

Remuneration Committee

Mr. Zhou Yuan *(Chairman)*
Ms. Wang Xiaoxiong
Mr. Shen Fuxin

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

Registered Office

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Rm 19, 20/F
Silver Fortune Plaza
1 Wellington Street
Central
Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Ltd.
Windward 3,
Regatta Office Park
P.O. Box 1350
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

Hang Seng Bank Limited
China Merchants Bank Company Limited

Auditor

Moore CPA Limited
Registered Public Interest Entity Auditor
1001–1010, North Tower, World Finance Centre
Harbour City, 19 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Legal Adviser

As to Hong Kong law:
Li & Partners

Stock Code

8326

Company's Website

www.tonkinggroup.com.hk

Chairman's Statement

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of Tonking New Energy Group Holdings Limited (the "Company", together with its subsidiaries the "Group") for the year ended 31 March 2025.

The Group recorded revenue of approximately HK$1,030 million for the year ended 31 March 2025, representing an increase of approximately 34.4% compared with approximately HK$766.1 million of the corresponding year in 2024. The Group recorded a profit attributable to the owners of the Company of approximately HK$71.7 million for the year ended 31 March 2025, representing an increase of approximately 118.3% compared with the profit of approximately HK$32.8 million of the corresponding year in 2024.

During the year, the Company completed voluntary conditional cash offer in May 2024 and rights issues on the basis of one rights share for every two existing shares in August 2024. The completion of rights issues further enhanced the Group's financial strength without the ongoing burden of interest expenses.

Moreover, 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, the Group strives to bring the most visible benefits and the highest quality services to users. The Group is committed to building green ecological intelligent photovoltaic power stations in the world, so that human beings can fully enjoy light energy.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their interest in and continuous support of the Group and also to the directors, our incredible management team and employees for their commitment and contribution in the previous years. We will continue to do great work to achieve our goals and better results in future.

Wu Jian Nong
Chairman

Hong Kong, 24 June 2025

Management

Discussion and Analysis

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 testing) for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems.

In 2024, global newly installed capacity for photovoltaic power reached 530 GW, representing a year-on-year increase of 35.9%. In China, newly installed capacity was 277.57 GW, representing a year-on-year increase of 28.3%, accounting for 40% of the global total. 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 goal 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.

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 of LOAR/Zgibee, the Group is committed to building a digital and intelligent photovoltaic tracking control platform, which enables to achieve cost-efficiency and power generation enhancement, while achieving intelligent and unmanned management of photovoltaic power plants, so as to improve the competitiveness of the Company's products.

In order to stabilize the Group's market share in bracket products and maintain the market competitiveness of the products, the Group has developed anti-interference technology of high-density wireless communication on the same frequency band with safety and stability as the breakthrough point through professional calculation software such as PVsyst, Ansys and Sap2000 and finite element analysis, while continuously improving its technology and advancement. This technology allows three hosts within a 5-kilometer radius to operate using the same frequency band without interference, with each host capable of supporting 200 wireless communication tracking controllers. We have conducted in-depth research on the application of basalt fiber composite materials, and applied them to offshore floating brackets in view of their low-density and highly corrosion-resistant properties. For the existing adaptable steel cable brackets, we have established a project research group in postdoctoral workstation to digitally analyze and research wind-resistance and stabilization system, so as to enhance wind-resistance and stabilization performance, ensuring safety and reliability for wide-span, multi-span and high headroom application scenarios.

Management Discussion and Analysis (continued)

BUSINESS REVIEW AND FUTURE PROSPECTS (continued)

Renewable Energy Business (continued)

Since 1 June 2025, China has ended its era of fixed tariffs for photovoltaic power stations. Under the new trading mechanism, electricity prices are influenced by supply-demand dynamics and time-of-use factors. To maximize returns, photovoltaic power stations must flexibly adjust their output of power generation. In this context, tracking brackets, which can dynamically adjust the tilt angle of photovoltaic modules, are becoming new choices for more and more enterprises. To rapidly respond to market demand, the Group makes efforts to develop photovoltaic multi-point electrical linkage tracking brackets. The core value lies in optimizing power generation yield and cost of electricity. It uses multi-point drive and damping system to address wind resistance challenges, and employs terrain-adaptive algorithms to increase power generation by over 12%.

As the proportion of photovoltaic power generation grows and the grid regulation capacity is insufficient, and facing the problem of insufficient reliability and flexibility of distributed new energy, the Group has developed new electrochemical energy storage system integrated with compressed air energy storage, which solves the problems of market mechanism, grid access, regulation optimization and maintenance coordination of flexible resources or subjects to solve the difficulties in subsequent recycling.

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 highest quality services to users. The Company has been adhering to the core values of "with Tonking New Energy, we create and share together" and the vision of "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 financial year ended 31 March 2025, the Group recorded revenue of approximately HK$1,029,921,000, representing an increase of approximately 34.4% compared with approximately HK$766,108,000 of the corresponding period in 2024.

Costs of sales

The costs of sales for the year ended 31 March 2025 was approximately HK$875,513,000 (2024: approximately HK$669,599,000). The costs were derived from the renewable energy business which was mainly represented by the cost of materials and supplies, subcontracting charges, labour costs, transportation, machine and vehicle rental expenses and other expenses.

FINANCIAL REVIEW (continued)

Total administrative and other operating expenses

Total administrative and other operating expenses increased by approximately 19.4% to approximately HK$47,618,000 for the year ended 31 March 2025 from approximately HK$39,874,000 for the corresponding period in 2024. The increase was in line with the increase in revenue during the year.

Net profit

For the year ended 31 March 2025, the Group recorded a profit attributable to the owners of the Company of approximately HK$71,652,000 (2024: approximately HK$32,822,000).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2025, the total number of issued shares of the Company is 1,227,000,000.

As at 31 March 2025, the share capital and equity attributable to the owners of the Company amounted to HK$12,270,000 and approximately HK$357,197,000 respectively (2024: HK$8,180,000 and approximately HK$253,900,000 respectively).

Cash position

As at 31 March 2025, the cash and cash equivalents and restricted/pledged bank deposits of the Group amounted to approximately HK$80,672,000 (2024: approximately HK$44,318,000) and HK$44,084,000 (2024: approximately HK$48,959,000), respectively, representing an increase of approximately 33.7% in aggregate as compared to that as at 31 March 2024.

Bank and other borrowings

As at 31 March 2025, the Group has total bank and other borrowings of approximately HK$94,358,000 (2024: HK$96,905,000). Current portion and non-current portion of bank and other borrowings amounted to approximately HK$34,682,000 and HK$59,676,000, respectively (2024: HK$34,756,000 and HK$62,149,000). The interest rate for the bank and other borrowing ranged from 2.9% to 4.5% (2024: 3.25%–4.5%) per annum.

Gearing ratio

As at 31 March 2025, the gearing ratio of the Group was approximately 29% (2024: approximately 37%). The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade and bills payables, other payables and accruals, contract liabilities and tax payable. The increase was mainly due to rights issue completed and net profit for the year.

Management Discussion and Analysis (continued)

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (continued)

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 acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 March 2025.

Contingent Liabilities

As at 31 March 2025, the Group had no material contingent liabilities (2024: Nil).

Capital Commitment

As at 31 March 2025, the Group had no material capital commitments (2024: Nil).

Employees and Emolument Policies

The Group had 162 employees (including Directors) as at 31 March 2025 (2024: 128 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses for the renewable energy businesses. The remuneration packages are subject to review on a regular basis.

The Directors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses relating to our performance. 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 level of salaries paid by comparable companies, individual performance and achievement, and are approved by the Board.

The Group's remuneration to employees includes salaries and discretionary performance bonus. Duty meals are also provided to employees. The Group has adopted profit sharing schemes under which certain employees are benefited from it. The Group provides insurance coverage in respect of medical care and work injury to its employees. Rental allowance is also given to certain employees.

Management Discussion and Analysis (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group's credit risk is primarily attributable to contract assets, trade and bills receivables, other receivables and refundable deposits, amounts due from related parties, restricted/pledged bank deposits and cash and cash equivalents.

Interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, advances from related parties and internally generated funds. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Our Group adheres to the principle of Recycling and Reducing. Furthermore, it uses energy-saving appliances in the production process to save energy.

Our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of our Group's businesses to move towards adhering the 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

The Group's Environmental, Social and Governance Report for the year ended 31 March 2025 is included in its annual report.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers.

The Group also maintains a good relationship with its suppliers.

During the year ended 31 March 2025, there was no material dispute on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 March 2025 is set out in the section headed "Five Years' Financial Summary" of the annual report.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Jian Nong (吳建農), aged 63
Chairman and Chief Executive Officer and Executive Director

Mr. Wu was appointed as an executive Director on 1 October 2015. He was 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 Company on 11 August 2016. Mr. Wu is responsible for the strategic development and management of the Group's business and operations.

Mr. Wu completed the executive master of business administration course (EMBA) from Overseas Education College Shanghai Jiao Tong University (上海交通大學海外教育學院) in February 2006. Mr. Wu further obtained a master degree in business administration from Hong Kong Finance and Economics College (香港財經學院) in June 2008. He obtained the qualification of engineer from Quzhou City Leading Group for Title Reform* (衢州市職稱改革領導小組) in 1992. From December 1978 to March 1994, Mr. Wu worked as an engineer in Jiang Shan Chemical Industry General Factory* (江山化工總廠). He was the chairman of the board of directors of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from April 1994 to May 2011. Since May 2011, Mr. Wu has been the president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

Ms. Shen Meng Hong (沈孟紅), aged 49
Executive Director and Compliance Officer

Ms. Shen was appointed as an executive Director on 3 August 2015. She was appointed as the compliance officer of the Company on 18 October 2016. Ms. Shen is responsible for the strategic development and management of the Group's business and operations.

Ms. Shen has a very rich operating experience in the field of enterprise strategic management, mergers and acquisitions, initial public offering and risk management. Ms. Shen was engaged in the compact fluorescent lamp industry and renewable energy industry and had accumulated a wealth of experience in financial management. She obtained an MBA from the Hong Kong Finance and Economics College in 2008, and is a qualified PRC senior accountant.

* *For identification purpose only*

EXECUTIVE DIRECTORS (continued)

Mr. Xu Shui Sheng (徐水升), aged 60
Executive Director

Mr. Xu was appointed as an executive Director on 1 October 2015. Mr. Xu is responsible for the strategic development and management of the Group's business and operations.

Mr. Xu obtained a master degree in business administration from Hong Kong Finance and Economics College (香港財經學院) in June 2008. Mr. Xu obtained the qualification of engineer (with specialization in mechanical engineering) from the Human Resources and Security Bureau of Quzhou City* (衢州市人力資源和社會保障局) in August 1996 and the qualification of senior engineer (with specialization in mechanical and electrical engineering) from Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障局) in March 2017. From August 1981 to September 2001, Mr. Xu had worked as the deputy workshop director (車間副主任) and equipment deputy general manager of Jiang Shan Beer Factory* (江山啤酒廠). He was the deputy general manager of the technology development department of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from September 2001 to August 2012. Since April 2014, Mr. Xu has been the deputy president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Xiaoxiong (王肖雄), aged 65
Independent non-executive Director

Ms. Wang was appointed as an independent non-executive Director on 5 February 2016. Ms. Wang obtained a postgraduate diploma in accounting from Hangzhou Dianzi University. She obtained a diploma in legal studies from Zhejiang Radio & Television University Jiangshan Branch.

Ms. Wang has a rich experience in auditing, financial reporting and accounting. Ms. Wang has been a certified tax agent of the Certified Tax Agent Management Centre of Zhejiang since 2003 and an internal auditor of the Professional Credentials for Internal Auditors since 2004. Moreover, she was granted the title of senior accountant by the Commission of Personnel of Zhejiang in 2004 and has qualified as a certified accountant of the Chinese Institute of Certified Public Accountants in 2008.

* *For identification purpose only*

Biographies of Directors and Senior Management (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Zhou Yuan (周元), aged 59
Independent non-executive director

Mr. Zhou was appointed as an independent non-executive director on 13 March 2017.

Mr. Zhou obtained a bachelor's degree of Economics and Management from Anhui University of Technology of the PRC in July 1988. He is currently served as the legal representative and the chairman of Shanghai Jing Yao Investment Co., Ltd.* (上海晶耀投資有限公司) and the secretary general of the Photovoltaic Green Ecological Collaborative Organization with extensive experience in corporate, government and chamber of commerce management.

Mr. Shen Fuxin (沈福鑫), aged 61
Independent non-executive director

Mr. Shen was appointed as an independent non-executive director on 30 June 2023.

Mr. Shen possesses extensive experience in the renewable energy industry. He has been an independent director of Jiangsu Tongrun Equipment Technology Co., Ltd.* (江蘇通潤裝備科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002150), since June 2023, and an independent director of Yuneng Technology Co., Ltd. (昱能科技股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688348) since August 2023. He has also been a supervisor of Shaya Jingneng Photovoltaic Technology Co., Ltd.* (沙雅京能光伏科技有限公司) since September 2021, a supervisor of Shaya Jingkun New Energy Co., Ltd.* (沙雅京昆新能源有限公司) since September 2021, a supervisor of Xinjiang Jiaya Green Electricity Energy Investment Co., Ltd.* (新疆嘉雅綠電能源投資有限公司) since August 2021, and a supervisor of Zhejiang Jingkun Green Electricity New Energy Co., Ltd.* (浙江京昆綠電新能源有限公司) since August 2021. He has been the secretary general of Jiaxing Photovoltaic Industry Association* (嘉興市光伏行業協會) since August 2014, and the secretary general of Zhejiang Solar Photovoltaic Industry Association* (浙江省太陽能光伏行業協會) since April 2008.

Mr. Shen was an independent director of Zhejiang Energy PV Technology Co., Ltd.* (浙江艾能聚光伏科技股份有限公司), a company whose shares are listed on the Beijing Stock Exchange (stock code: 834770), from November 2017 to 5 June 2023. He was also an independent director of Zhejiang Sunflower Luminous Energy Technology Co., Ltd.* (浙江向日葵光能科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300111), from June 2015 to August 2021, and an independent director of Zhejiang Fortune Energy Co., Ltd.* (浙江鴻禧能源股份有限公司), a company whose shares were listed on The National Equities Exchange And Quotations in the People's Republic of China (stock code: 835183), from February 2016 to January 2021.

SENIOR MANAGEMENT

The above mentioned Executive Directors of the Company are members of senior management of the Group.

* *For identification purpose only*

Directors' Report

The Directors are pleased to present to the Shareholders this annual report and the audited consolidated financial statements for the year ended 31 March 2025 (the "Year").

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in Note 31 to the consolidated financial statements in this annual report.

During the Year, the Group is principally engaged in the renewable energy business in the People's Republic of China (the "PRC").

RESULTS

The results of the Group for the Year are set out on page 76 of this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's results of operations;
- the Group's cash flow position;
- the Group's business position and future development plan;
- the Group's future operations and profitability;
- legal and regulatory restrictions; and
- other factors that the Board deems relevant.

The payment of such dividend is also subject to any restrictions under the Companies Law of the Cayman Islands, any applicable laws, rules and regulations. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year ended 31 March 2025 (2024: Nil).

Directors' Report (continued)

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 March 2025, a discussion on the Group's future prospects, an account of the principal risks and uncertainties facing the Group, a discussion on the Company's environmental policies and performances, an account of the Company's compliance with significant relevant laws and regulations and an account of the Company's key relationships with its employees, customers and supplies are set out in the section headed "Management Discussion and Analysis" in pages 7 to 11 of the annual report. Also the key financial performance indicators of the Group for the year ended 31 March 2025 is set out in the section headed "Five Years' Financial Summary" in page 148 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 14 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements in this annual report is set out on page 148. This summary does not form part of the audited consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the Company's paid up capital for the Year are set out in Note 27 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2025.

TRANSFER TO RESERVES

Profit attributable to the owner of the Company, before dividends, of approximately HK$71,652,000 (2024: HK$32,822,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 79 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company's reserves available for distribution represent the share premium, and accumulated losses and the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately HK$78,701,000 (2024: HK$54,890,000).

Details of movements in the reserves of the Company and the Group during the year are set out in Note 37 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 78% of the total sales for the year and sales to the largest customer included therein amounted to approximately 25% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 25% of the total purchases for the year and purchase from the Group's largest supplier included therein amounted to approximately 7% of the total purchases for the year.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

DIRECTORS

The Directors who held office during the year ended 31 March 2025 and as at the date of this report were:

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

Independent Non-Executive Directors
Ms. Wang Xiaoxiong
Mr. Zhou Yuan
Mr. Shen Fuxin

Mr. Wu Jian Nong and Mr. Shen Fuxin will retire at the forthcoming AGM and, all being eligible, will offer themselves for re-election at the said meeting.

Directors' Report (continued)

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical details of Directors' and other senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 12 to 14 of this annual report.

DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

Details of the Directors' emoluments and the five individuals with the highest emoluments are set out in Notes 9 and 10 to the consolidated financial statements in this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent of the Company.

INTERESTS OF DIRECTORS IN CONTRACTS

Saved as disclosed in Note 34 under the heading "Related Party Transactions" to the consolidated financial statements, (i) no contract of significance to which the Company, or any of its holding company or subsidiaries was a party, and in which a Director or an entity connected with such Director had a material interest, whether directly or indirectly, subsisted at 31 March 2025 or at any time during the year ended 31 March 2025; (ii) no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries; and (iii) no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective close associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

All the independent non-executive Directors are delegated with the authority to review the non-competition confirmation given by, among others, Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong. The independent non-executive Directors were not aware of any non-compliance of the non-competition confirmation given by Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong during the year ended 31 March 2025.

CONNECTED TRANSACTIONS

During the Year, details of significant transactions with the Company's related parties or transactions undertaken in the normal course of business are set out in the Note 34 to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2025 are set out in Note 3 to the consolidated financial statements.

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes.

Directors' Report (continued)

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

As at 31 March 2025, 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)	749,986,515	61.12%

Note:

These 749,986,515 Shares are totally held by Rise Triumph Limited and Signkey Group Limited, of which 739,375,515 shares are held by Rise Triumph Limited and 10,611,000 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 22,181,265 Shares (being 1.81%) and 7,393,755 Shares (being 0.60%) 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 31 March 2025, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2025 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)	Beneficial owner	739,375,515	60.26%

Note:

These 739,375,515 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.

Save as disclosed above, as at 31 March 2025, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the Year, none of the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their close associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (continued)

VOLUNTARY CONDITIONAL CASH OFFERS

References are made to (i) the joint announcement issued by Rise Triumph Limited (the "Offeror", which is beneficially owned as to 96.0% by Mr. Wu Jian Nong, 3.0% by Mr. Xu Shui Sheng and 1.0% by Ms. Shen Meng Hong, all of them are directors of the Company) and the Company dated 11 April 2024 in respect of, among other things, the voluntary conditional cash offer by Astrum Capital Management Limited for and on behalf of the Offeror (the "Offer") to acquire all the issued shares of the Company (other than those shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it); (ii) the composite document jointly issued by the Offeror and the Company dated 26 April 2024; and (iii) the joint announcement issued by the Offeror and the Company dated 7 May 2024 in respect of, among other things, the Offer having become unconditional in all respects.

The Offer closed on 21 May 2024 and the Offeror had received valid acceptances in respect of 268,537,010 shares of the Company (the "Acceptance Shares"), representing approximately 32.8% of the issued share capital and voting rights of the Company. Immediately after the close of the Offer, taking into account the Acceptance Shares, together with the shares of the Company already owned, the Offeror and parties acting in concert with it hold, control or have direction over 499,991,010 Shares in aggregate (representing approximately 61.12% of all issued shares of the Company). As such, the Company has become a non-wholly-owned subsidiary of the Offeror.

SHARE AWARD SCHEME

The Group adopted a share award scheme (the "Share Award Scheme") on 24 September 2024 (the "Adoption Date"). A summary of the principal terms of the Share Award Scheme is set out below.

The purposes of the Share Award Scheme are to (i) provide incentives to eligible participants and reward their contributions; (ii) retain eligible participants to serve the Group for continuous operation and development of the Group; and (iii) attract suitable professional and experienced talents for further development of the Group.

Eligible Participants refers to (i) any full-time employees of any member company of the Group, including but not limited to directors, senior management of the Group, key operating team members and employees; and (ii) person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers) ("Service Providers").

At no time the maximum number of shares which may be awarded or the total number of Shares held by the trustee exceed 10% of the issued share capital of the Company as at the Adoption Date (i.e. 122,700,000 Shares). The maximum number of award shares which may be awarded to Service Providers shall not in aggregate exceed the sublimit of 5% of the issued share capital of the Company as at the Adoption Date (i.e. 61,350,000 Shares).

The maximum number of award shares or any share awards or share options which may be granted to a selected participant under the Share Award Scheme, or any other share scheme of the Company, in any twelve-month period shall not exceed 1% of the issued share capital of the Company from time to time.

For the purpose of granting award shares, the Company shall transfer required funds to the trust within reasonable time and instruct the trustee to purchase existing shares on the market at prevailing market price. The Board may specify terms or conditions in the instruction for the purchase of shares, including but not limited to the specific price or price range, maximum amount of funds for the purchase and/or maximum number of shares to be purchased. For avoidance of doubt, purchase of shares by the trustee on the market shall at all times be subject to the scheme cap.

The Board or the management committee may, at any time during the scheme period in its sole and absolute discretion, select any eligible participant to be a selected participant and make an award to such selected participant subject to any terms and conditions that the Board or the management committee may impose. The Company will issue a grant letter to each selective participant in the form as determined by the Board or its authorised person(s) from time to time, specifying the date of grant, method of receiving the award, value of the award and/or number of award shares under the award (including the basis for determining the number of award shares under the award), vesting criteria and conditions, vesting date and other details, terms and conditions that they consider necessary. The Company shall provide the trustee with a copy of the grant letter as soon as practicable after granting any award to the selected participant(s).

The Board or its authorised person(s) may from time to time determine the vesting criteria and conditions, or the period of awards to be vested in accordance with scheme rules during the scheme period and subject to compliance with all applicable laws, rules and regulations. Without unforeseen circumstances, the Board or its authorised person(s) shall send a vesting notice to the selected participants within such reasonable period as the trustee and the Board may agree from time to time before the vesting date. If a selected participant is unable to receive Share Awards due to legal or regulatory restrictions or any other restrictions or circumstances, the Board or its authorised person(s) shall direct and cause the trustee to sell the relevant award shares on the market at prevailing market price, and will pay to the selected participant in cash.

The Share Award Scheme shall remain valid and effective for a period of 10 years from 24 September 2024. Upon termination of the Share Award Scheme, no further award shares shall be granted. The provision of the Share Award Scheme shall in all other respects remain in full force and effect and the awards granted during the term of Share Award Scheme may continue to be valid and exercisable in accordance with their respective terms of Award.

From the adoption date of the Share Award Scheme to 31 March 2025, pursuant to the terms of the rules and trust deed of the Share Award Scheme, the trustee of the Share Award Scheme purchased a total of 62,075,000 issued shares on the market. During the year ended 31 March 2025 and as at the date of this report, no shares have been awarded under the Share Award Scheme since its adoption.

Please refer to announcements dated 24 September 2024 and 26 September 2024 for details.

Directors' Report (continued)

RIGHTS ISSUE AND USE OF PROCEEDS

During the Period, the Company had raised an approximately HK$39.8 million, net of expenses, by way of the rights issue of 409,000,000 rights shares to the qualifying shareholders at a subscription price of HK$0.1 per rights share on the basis of one rights share for every two. The Company was intended to apply approximately HK$14 million to repay of loan from related party, and HK$21.9 million for the EPC business and the photovoltaic mounting and tracking systems business operating by Tonking New Energy Technology (Jiangshan) Limited, and general working capital of the Company.

As at 31 March 2025, the Company applied (i) HK$14 million to repay of loan from related party; (ii) HK$21.9 million for the EPC business and the photovoltaic mounting and tracking systems business operating by Tonking New Energy Technology (Jiangshan) Limited; and (iii) HK$2.2 million for general working capital of the Company. The unutilised amount is expected to utilise in accordance with the timeline and purposes as stated in announcements and prospectus. Details of the rights issue were set out in the announcements of the Company dated 2 July 2024, 29 July 2024, 19 August 2024 and 29 August 2024 and prospectus dated 29 July 2024.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 26 to 37 of this annual report.

CHARITABLE DONATIONS

No charitable or other donations were made by the Group during the year (2024: Nil).

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float during the Year and up to the date of this annual report as required under the GEM Listing Rules.

AUDITOR

Moore CPA Limited ("Moore") will retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of Moore as auditor of the Company is to be proposed at the forthcoming annual general meeting.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association of the Company provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all losses or liabilities which they incur or sustain as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted. The Company has taken out and maintained directors' liability insurance which provides appropriate coverage for the Directors and directors of the subsidiaries of the Company.

By Order of the Board
Tonking New Energy Group Holdings Limited
Wu Jian Nong
Chairman

Hong Kong, 24 June 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix C1 to the GEM Listing Rules.

During the year ended 31 March 2025, the Company has complied with all the applicable code provisions of the Code contained in Appendix C1 to the GEM Listing Rules, except for the deviation from code provision C.2.1 as described below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.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 C.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.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 108(a) of the articles of association (the "Articles") of the Company, at each annual general meeting ("AGM") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

In accordance with article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Pursuant to 108(a) of the Articles, Mr. Wu Jian Nong and Mr. Shen Fuxin will retire from office as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS (continued)

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 March 2025.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 March 2024 and as at the date of this report are as follows:

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
Ms. Wang Xiaoxiong
Mr. Zhou Yuan
Mr. Shen Fuxin

The brief biographic details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 12 to 14 of this annual report.

The Company has complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 March 2024. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

FUNCTIONS OF THE BOARD

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board approves the Group's strategic plan, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

Corporate Governance Report (continued)

The Board is also delegated with the corporate governance functions under code provision A.2.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

BOARD MEETINGS AND PROCEDURES

The Board has met regularly and board meetings were held at least four times a year at approximately quarterly intervals. Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision C.5.3 of the Code, at least 14 days' notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version of which are endorsed in the subsequent Board meeting. Minutes of board meetings were kept by company secretary and open for inspection at any reasonable time on reasonable notice by any director.

Details of the attendance of the Board meetings, audit committee (the "Audit Committee") meetings, remuneration committee (the "Remuneration Committee") meetings, nomination committee (the "Nomination Committee") meetings, compliance committee (the "Compliance Committee") meetings and general meetings of the Company held during the year ended 31 March 2025 are summarized as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Compliance Committee meeting	General meeting
Executive Directors						
Mr. Wu Jian Nong	10/10	N/A	N/A	N/A	N/A	1/1
Ms. Shen Meng Hong	10/10	N/A	N/A	1/1	1/1	1/1
Mr. Xu Shui Sheng	10/10	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Ms. Wang Xiaoxiong	10/10	3/3	1/1	1/1	1/1	1/1
Mr. Zhou Yuan	10/10	3/3	1/1	1/1	1/1	1/1
Mr. Shen Fuxin	10/10	3/3	1/1	N/A	N/A	1/1

BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Compliance Committee, with written terms of reference which are available for viewing on the website of the Company to assist them in the efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

AUDIT COMMITTEE

The Company established the Audit Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company.

The Audit Committee currently has three members comprising Ms. Wang Xiaoxiong (Chairman), Mr. Zhou Yuan and Mr. Shen Fuxin, all being independent non-executive Directors.

During the year ended 31 March 2024, the Audit Committee had reviewed the final results of the Group for the year ended 31 March 2023, the first quarterly results of the Group for the three months ended 30 June 2023 and the interim results of the Group for the six months ended 30 September 2023. The Audit Committee had reviewed the Group's internal controls for the year ended 31 March 2024. The Group's final results for the year ended 31 March 2024 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the GEM Listing Rules.

The Audit Committee held 4 meetings during the year ended 31 March 2025. Details of the attendance of the Audit Committee meetings are set out above.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Remuneration Committee include mainly: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. No Director shall participate in any discussion about his or her own remuneration.

Corporate Governance Report (continued)

REMUNERATION COMMITTEE (continued)

The Remuneration Committee currently consists of three members, namely, Mr. Zhou Yuan (Chairman), Ms. Wang Xiaoxiong and Mr. Shen Fuxin, all being independent non-executive Directors. The remuneration of the Directors was determined with reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management.

The Remuneration Committee held one meeting during the year ended 31 March 2025. Details of the attendance of the Remuneration Committee meetings are set out above.

At the meeting, the Remuneration Committee had reviewed the remuneration policies of the Directors and the senior executives and reviewed the remuneration packages and performance of the Directors during the year ended 31 March 2024.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 2 November 2013 with written terms of reference which are in compliance with code provisions of the Code. The primary duties of the Nomination Committee include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations to the Board regarding any proposed change, identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors, and make recommendations to be Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive.

The Nomination Committee consists of three members, namely, Ms. Wang Xiaoxiong (Chairman), Mr. Zhou Yuan, both of which are independent non-executive Directors, and Ms. Shen Meng Hong, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held one meeting during the year ended 31 March 2025. Details of the attendance of the Nomination Committee meetings are set out above.

At the meeting, the Nomination Committee had reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, reviewed the qualifications of the Directors, the progress on the implementation of the board diversity policy and other related matters of the Company.

DIVERSITY OF THE BOARD

During the year, the Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

(1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

(2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy; and

(3) The Board has also set measurable objectives to implement the diversity policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs.

Subsequent to 31 March 2025, considering recent Listing Rules update, diversity policy was also updated, including but not limited to:

(a) at least one director of a different gender to be appointed to the nomination committee;

(b) a workforce diversity policy was also adopted; and

(c) Nomination committee will review the implementation of the board diversity policy at least once every year and disclose the results of the review in the corporate governance report.

COMPLIANCE COMMITTEE

The Company established the Compliance Committee on 2 November 2013 with written terms of reference. The primary duties of the Compliance Committee are to establish, execute, monitor and maintain the compliance system of the Group and to conduct education and training programmes on compliance matters.

The Compliance Committee comprises of three members, namely Ms. Shen Meng Hong (Chairman), an executive Director, Ms. Wang Xiaoxiong and Mr. Zhou Yuan, both of them are independent non-executive Director.

The Compliance Committee held one meeting during the year ended 31 March 2025. Details of the attendance of the Compliance Committee meeting are set out above.

At the meeting, the Compliance Committee had reviewed and discussed the compliance system of the Group and reviewed the compliance manuals of the Group.

Corporate Governance Report (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors have been appointed for a fixed term. Every Director is subject to re-election on retirement by rotation in accordance with the articles of association of the Company. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and still considers the independent non-executive Directors to be independent as at the date of this annual report.

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT

The Company has established channels through formal and informal means whereby independent non-executive Directors are encouraged to express their views in an open and candid manner, and in a confidential manner if circumstances require; these include periodic Board reviews, meeting sessions with the Chairman and interaction with management and other Board members outside the boardroom.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with code provision C.1.4 of the Code, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors had provided the relevant record to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

COMPANY SECRETARY

Mr. Ong Chi King ("Mr. Ong"), the representative of SF Corporate Advisory Limited, was appointed as the named Company Secretary of the Company. Mr. Ong's primary contact person at the Company is Ms. Shen Meng Hong, an executive Director. Mr. Ong has complied with Rule 5.15 of the GEM Listing Rules by receiving not less than 15 hours of relevant professional training during the year ended 31 March 2025.

SENIOR MANAGEMENT'S REMUNERATION

For the year ended 31 March 2025, senior management of the Company comprises three individuals.

The senior management's remuneration payment of the Company during the year ended 31 March 2025 falls within the following band:

	Number of individual
HK$1,000,000 or below	3

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged Moore CPA Limited as its external auditor for the year ended 31 March 2025. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. During the year ended 31 March 2025, the fee payable to Moore CPA Limited in respect of its statutory audit services provided to the Company was HK$750,000.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has overall responsibility for overseeing the Group's risk management and internal controls systems and through the Audit Committee, conducts reviews on their effectiveness on an ongoing basis, covering all material controls, including financial, operational and compliance controls and risk management functions. During the process of annual review, the Board through the Audit Committee performs evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of relevant staff, and their training programmes and budget.

Corporate Governance Report (continued)

RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

The Board is committed to strengthening the Group's internal controls system and improving the workflow with a view to enhancing efficiency and minimising any significant business risks. Accordingly, the Group has established a series of internal control policy and procedures covering all key areas of operations such as asset management, working capital management, investment management, human resources management, etc. The Group also refines continually the internal organisation structure in pursuit of a more systematic decision-making process and an efficient and effective operation and control environment.

The Company has adopted risk management policy and procedures (the "Risk Management Policy") for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to regularly assess and at least annually to personally certify that such matters are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Company and its business practices.

GROUP RISK MANAGEMENT

The Company has established the enterprise risk management framework. The Board is responsible for ensuring that the Company has an adequate and effective risk management system, while the management has the responsibility to operate and implement the Risk Management Policy to the Group. Through the risk assessment and control process, risks are identified, assessed, prioritised and assigned treatment methods. The Board and management allocate tasks and resources to achieve the recommended risk control processes as required. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

PRINCIPAL RISKS

The principal risks and uncertainties are set out in the section headed "Business Review". Such discussion forms a part of Report of Directors.

Currently, the Group has not established an internal audit function. The Board has reviewed the need for setting up an internal audit function within the Group, and is of the opinion that in view of the scale and nature of the operations of the Group, it is more cost effective to appoint external independent professionals to carry out internal audit function for the Group. In this respect, the Board will continue to review the need for an internal audit function at least annually.

During the year, the Board appointed an independent professional consultant – BT Corporate Governance Limited ("BTCGL") to conduct an internal control review. During the year, based upon the results of the internal control review which were submitted to the Audit Committee for consideration, the Board and the Audit Committee are satisfied that the Group's systems of risk management and internal controls, including financial, operational, compliance, and risk management functions, are adequate and effective.

RISK GOVERNANCE

The Group's risk governance structure is based on a "Three Lines of Defence" model, with operational management and internal controls performed by the Board and the management, coupled with risk management monitoring carried out by the finance department and independent internal audit outsourced to and conducted by BTCGL.

The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's actions taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. The results of these reviews are recorded in the risk registers for analysis of potential strategic implications and for regular reporting to the management and Directors of the Company.

The risk assessment and control systems will be evaluated by the Board and management at least annually or earlier if significant changes occur that introduce new risks or significantly alter the level of current risks. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Board will continue to review and improve the Group's risk management and internal control systems, taking into account the prevailing regulatory requirements, the Group's business development, interests of shareholders, and technological advances.

INSIDE INFORMATION

The Company has formulated internal procedures and controls for the handling and dissemination of inside information, and further improved the information disclosure system of the Company to ensure that the Company's information is disclosed to the public on a true, accurate, complete and timely basis. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the Securities & Futures Ordinance (the "SFO"). The Group ensures the information is kept strictly confidential before the information is fully disclosed to the public. The Group is committed to ensuring that information disclosed are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, where the Company operates so as to comply with relevant requirements under the SFO and Listing Rules from time to time.

OUR ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group established its enterprise risk management framework in the year. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. The Group's risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversights risk management and internal audit functions.

Corporate Governance Report (continued)

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the articles of association of the Company, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In order to keep Shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the Shareholders through financial reports and announcements. The Company has established its own corporate website (www.tonkinggroup.com.hk) as a channel to facilitate effective communication with its Shareholders and the public. The Company will continue to enhance communications and relationships with its shareholders and investors. A shareholders communication policy was adopted on 2 November 2013.

Shareholders, investors and interested parties can make enquiries directly to the Company through the following e-mail: info@tonkinggroup.com.hk.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Tonking New Energy Group Holdings Limited

Address:	Rm 19, 20/F, Silver Fortune Plaza, 1 Wellington, Street, Central, Hong Kong
Tel:	(852) 2505-5566
Fax:	(852) 2976-9699
E-mail:	info@tonkinggroup.com.hk

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Board, where appropriate, to answer the Shareholders' questions.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 113 of the articles of association of the Company, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2025.

Environmental, Social and Governance Report

SUMMARY AND SCOPE OF REPORT

Tonking New Energy Group Holdings Limited (the "Company") and its subsidiaries ("Tonking New Energy" or the "Group") strive to enhance the transparency of the Group in respect of environmental and social influence. The Group is pleased to present the Environmental, Social and Governance ("ESG") Report (the "Report") for the year ended 31 March 2025, which covers the management policies, strategies, relevant materiality and objectives of the Group regarding ESG issues for the period from 1 April 2024 to 31 March 2025 (the "Reporting Year" or "2025"). The Report has been prepared based on the "Environmental, Social and Governance Reporting Guide" (the "Reporting Guide") set forth in Appendix C2 to the GEM Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group commenced existing renewable energy business to seize the opportunities created by the growing demand for renewable energy in the People's Republic of China ("PRC" or "China") in the fourth quarter of 2015. During the Reporting Year, the Group continued to actively develop renewable energy business segment into its pillar business. Steady development has been achieved and positive contribution has been made to the revenue of the Group by this business segment since its commencement. In order to be in line with the Group's global development strategy, the Group will endeavour to devote more resources to expanding its renewable energy business and make it as the scope of disclosure of the Report, including subsidiaries located in Jiangshan, Shanghai and Jinzhai, the PRC.

The Group strives to foster sustainable development and undertake corporate social responsibility. Therefore, while the Group actively develops and seeks opportunities, it also takes into consideration factors including environment, society and ethics so as to ensure the Group can achieve a balance among business development, social demand and environmental impacts. The Group also places importance on creating positive relationships with its stakeholders (including but not limited to the Stock Exchange, government, suppliers, investors, media, customers, employees and community, etc.) through understanding and addressing their expectations. The Group will therefore continue to maintain close communication with all stakeholders to satisfy expectations and demands from them.

In the course of preparing the Report, the Group conducted thorough review and assessment on its existing environmental and social policies with the aim to achieve better performances in aspects of the environment, society, corporate governance and operation in the future and make more contributions to the communities where it operates.

In order to achieve sustainable development, the Group has adopted the following strategies:

1. achieving environmental sustainability;

2. respecting human rights and community culture;

3. maintaining communication with stakeholders;

4. supporting employees and providing a friendly working environment;

5. sustaining local community development; and

6. strengthening our commitment to customers.

The Report was approved by the Board of Directors on 24 June 2025.

FEEDBACK AND OPINION

For details of the financial performance and corporate governance of the Group during the Reporting Year, please visit the Group's website at www.tonkinggroup.com.hk and read its annual report. The Group would also appreciate receiving your feedback and opinion on the Group's sustainable performance.

You are welcome to submit any advice or comments on the content or form of the Report by sending emails to info@tonkinggroup.com.hk.

INFORMATION ABOUT STAKEHOLDERS

The Group acknowledges that the advice from stakeholders can establish a solid foundation for the long-term development and success of the Group. The Group provides stakeholders with various communication channels enabling them to express their opinions on Tonking New Energy's sustainable development and future strategies.

Stakeholders	Possible Incidental Issues	Communication and Response
Stock Exchange	Compliance with the Listing Rules, publishing announcements in a timely and accurate manner	Meetings, trainings, seminars, programs, updating of website and announcements
Governments	Compliance with laws and regulations, social welfare and prevention of tax evasion	Interactions and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, supply stability	On-site research
Investors	Corporate governance system, business strategies and performance, investment return	Holding and participation in seminars, interviews, general meetings, provision of financial reports or business updates for investors, press and analysts
Media	Corporate governance, environmental protection, human rights	Posting of communications on the Company's website
Customers	Product/service quality, reasonable pricing, value of service, protection for the labour force and work safety	On-site visits and after-sale services
Employees	Rights and benefits, employee salaries, training and development, working hours, working environment	Conducting team activities, trainings, interviews, issue of staff manual and internal memorandum
Community	Community environment, employment and community development, social welfare	Organising community activities, employee volunteering activities and community welfare, sponsorship and donations

Environmental, Social and Governance Report (continued)

BASIS FOR PREPARATION OF THE REPORT

The Report is prepared in accordance with the disclosure obligations set out in the Reporting Guide in Appendix C2 of the GEM Listing Rules, and has complied with all mandatory disclosure requirements and the "Comply or Explain" provisions, as well as the reporting principles of materiality, being quantitative, balance and consistency. When preparing the Report, the Group adopted emission factors and international standards listed in the Reporting Guide using the same preparation method as the previous year. For details on applying materiality reporting principles, please refer to the section headed "Materiality Assessment" in the Report.

Materiality	By materiality assessment, the Group identified environmental and social issues that have major impacts on stakeholders. The Group assessed the materiality of those ESG issues based on their corresponding risks posed on the sustainability on the Group's businesses.
Quantitative	The Group has established key performance indicators ("KPI"s), which are measurable and applicable to make valid comparisons under appropriate conditions. Information on the standards, methodologies, assumptions and/or calculation tools used for reporting emission/ energy consumption (if applicable), and sources of conversion factors used, have been disclosed in the relevant sections in this ESG Report.
Balance	This ESG Report has been prepared on a fair and unbiased basis, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.
Consistency	Unless stated otherwise, the Group applies consistent methodology in compiling the ESG data reported to ensure meaningful comparison of ESG performance over time and between entities.

ESG MANAGEMENT

Statement of the Board of Directors

The Group has established a governance structure to strengthen its ESG-related work. The Board of Directors has overall responsibility for the Group's ESG strategies and reporting and overall supervision of the underlying risks and opportunities. The Board of Directors conducts at least one enterprise risk assessment annually to identify, assess and monitor ESG-related risks in the ordinary course of business. In response to the national dual carbon target, the Board of Directors also set target of carbon reduction in relation to environment in addition to being responsible for formulating the Group's ESG-related management policies and strategies, review the target set by it on a regular basis, and revise the strategies in accordance with the performance of such target and actual situation. To implement the concept of sustainable development and effectively manage ESG issues, the Group has established an ESG working group (the "ESG Working Group") to assist the Board of Directors in overseeing and promoting the implementation of various ESG strategies. The ESG Working Group is also responsible for assisting the Board of Directors in identifying and prioritising key issues, reports regularly to the Board of Directors on the effectiveness of the ESG system and the performance of the Group's key environmental, social performance indicators, and prepares the annual ESG report.

Going forward, the Board of Directors will continue to monitor and refine the Group's sustainability initiatives and performance, with a view to creating long-term value for all stakeholders and the communities in which we operate.

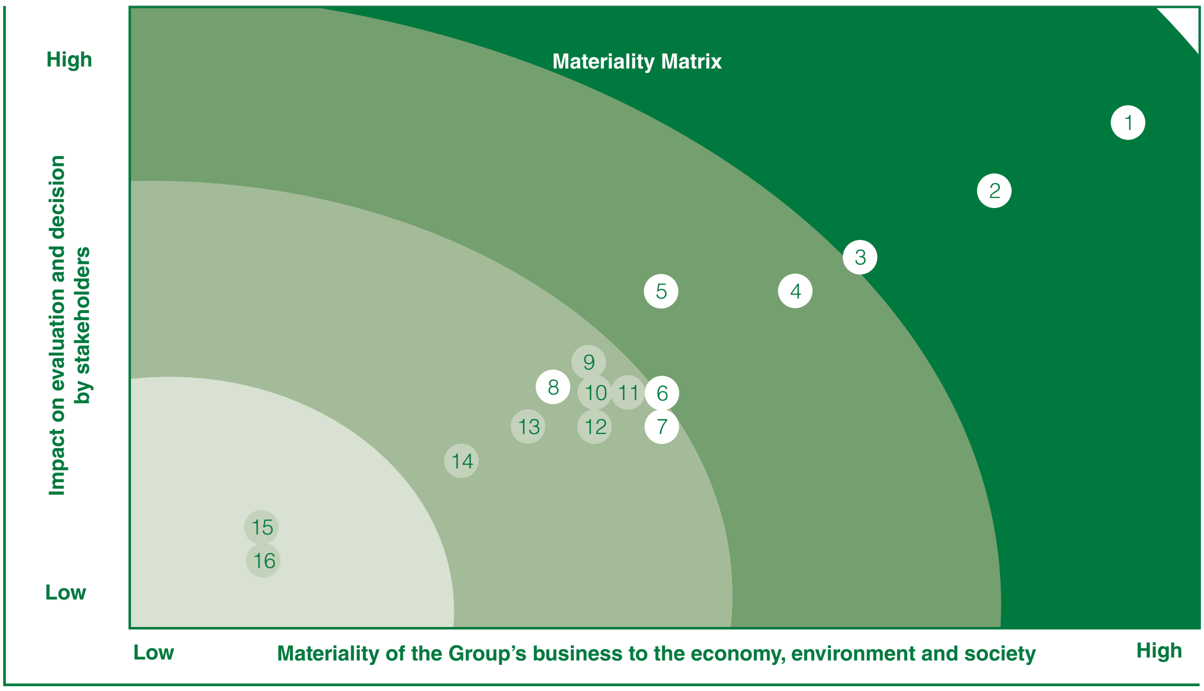
GOVERNANCE STRUCTURE

The Board of Directors	• The Board of Directors is responsible for overseeing ESG-related issues, including the formulation of relevant policies and strategies.
The ESG Working Group	• The ESG Working Group is responsible for assisting the Board of Directors in the daily management of various ESG issues.
Functional Departments	• Each of these functional departments is responsible for implementing the measures adopted by the Group in relation to various ESG issues.

Environmental, Social and Governance Report (continued)

MATERIALITY ASSESSMENT

To better understand stakeholders' opinions and expectation regarding the ESG performance by the Group, in addition to regular communication with stakeholders, the Group has also conducted annual materiality assessment in a systematic manner. By making reference to the issues covered by the ESG report of previous reporting year of the Group, internal policies and industry trends, the Group has identified and recognised a list of material ESG issues. During the Reporting Year, there was no material change in the Group's business nature, and therefore the Group continued to use materiality matrix of the previous reporting year. The materiality matrix and identified material issues have been reviewed and confirmed by the Board of Directors and the ESG Working Group, and the disclosure of which is made in this report.



ESG Issues

1	Product Responsibility	9	Greenhouse Gas Emissions
2	Supply Chain Management	10	Development and Training
3	Labour Standards	11	Anti-corruption
4	Climate Change	12	Water Consumption
5	Health and Safety	13	Employment
6	Energy Consumption	14	Community Investment
7	Environment and Natural Resources	15	Hazardous waste
8	Exhaust Gas Emissions	16	Non-hazardous Waste

A. ENVIRONMENTAL

Overview

The Group strives to promote environmental protection and sustainable development with a focus on the solar photovoltaic business in terms of the renewable energy business. The use of solar energy as the clean and renewable energy for power generation can effectively reduce the emission of carbon dioxide, and mitigate the global greenhouse effect.

Firstly, the solar photovoltaic power generation can effectively reduce the consumption of non-renewable energy (such as fossil fuels). With the excessive exploitation of petroleum and coal, there is less and less non-renewable energy reserve, and the country is facing great pressure of energy exhaustion. According to the "Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》)", the national encourages and supports the power generation with non-fossil energy such as wind energy, solar energy, hydro-energy, biomass energy and ocean energy. The development of solar energy resources by the Group not only comply with the national policies on the environmental protection and energy conservation, but also contribute to reducing the emission of greenhouse gas (such as carbon dioxide), and thus mitigate the greenhouse effect and global warming and provide a green and eco- friendly living environment, creating better living conditions for the public.

Secondly, the solar energy is a kind of inexhaustible clean and renewable energy with unique advantages and huge development potentials. The full use of solar energy is conducive to energy conservation, emission reduction, environmental protection and local economy, as well as the sustainable development of global energy.

Business

The renewable energy business of the Group mainly includes sales, engineering design and installation of solar photovoltaic products, provision of a one-stop value-added solution for photovoltaic power stations (EPC, maintenance support and operation), sales of the patented photovoltaic tracking systems and investment in building its own photovoltaic power stations. Since its establishment, the Group has entered into several project agreements with independent third parties, including solar projects, sales and installation orders of the patented photovoltaic tracking systems, contract orders of the permitted grid connection of agricultural photovoltaic, fishery photovoltaic, forestall photovoltaic power stations and engineering, procurement and construction of a photovoltaic power station and desert agriculture project. The Group is also equipped with relevant machinery and equipment for the processing of solar mounting brackets in response to customer demands. The processing mainly includes mounting bracket punching, which is not complicated, and will not produce any waste water or gas or other hazardous wastes. Therefore, the operations of the Group have minimal adverse impacts on the environment.

Environmental, Social and Governance Report (continued)

In terms of laws and regulations concerning the environment, the Group abides by relevant laws and regulations such as the "Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)", the "Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)".

At present, certain generic components are outsourced for customized production during the course of business of the Group, and therefore the Group produces limited amount of industrial waste and wastewater in daily operations. Although the Group has production workshops to process the solar photovoltaic mounting brackets, the procedure is not complicated and only generates a little nonhazardous waste, such as scrap iron and aluminum, waste cardboards and waste plastics, during the punching process.

The Group is well aware of the significance of environmental protection to society and strives to promote the green industry. The Group has formulated Environment Control Procedure, Notice on the Air-conditioning Usage Management Specifications, Regulations on Green Office Management and the Resource Utilisation Management System, aiming to enhance environmental management during operation through a series of measures, and popularizes its primary solar photovoltaic business to contribute to environmental protection. It will continue to strictly abide by relevant environmental requirements and take various environmental protection measures in daily business operations to effectively reduce adverse impacts on the environment. It also encourages employees to promote environmental protection practices to reduce the consumption of resources and adhere to the recycling principle, in order to guarantee the balance between business development and environmental protection.

Compliance and Penalties

The Group was not aware of any non-compliance or penalties in respect of environmental laws and regulations during the Reporting Year.

A1. EMISSIONS

Exhaust Gas Emissions

The Group's exhaust gas emissions are mainly originated from the consumption of gasoline and diesel by the company's vehicles. During the Reporting Year, the Group used 38 motor vehicles, of which 20 motor vehicles were owned by the Group and the remaining 18 were rented from third parties. During the Reporting Year, the Group's diesel consumption for vehicles increased compared to the previous reporting year, due to increase in and development of operational projects and acquisition of new diesel-powered vehicles. This resulted in a slight increase in exhaust gas emissions. Despite aforementioned challenges, the Group maintained its commitment to sustainable development through an efficient target management system, and successfully achieved the exhaust gas emission target set in the previous reporting year. Looking forward, the Group will continuously strive to minimise the total emissions of fuels and be committed to reducing the total amount and intensity of exhaust gas emissions or maintaining it between 90% and 120% of the level of baseline for the year ended 31 March 2025 in the next reporting year. See the section headed "Greenhouse Gas Emissions" for its measures to mitigate emissions.

Environmental, Social and Governance Report (continued)

During the Reporting Year, the data on exhaust gas generated by the Group in operations was as follows:

Exhaust Gas Emissions[1]	Unit	2025	2024
Total exhaust gas emissions			
Nitrogen oxides (NO_x)	kilogram	**739.10**	668.45
Sulphur oxides (SO_x)	kilogram	**1.28**	1.13
Particulate matter (PM)	kilogram	**70.82**	63.98
Intensity of total exhaust gas emissions			
Nitrogen oxides (NO_x)	kilogram/square metre[2]	**0.135**	0.122
Sulphur oxides (SO_x)	kilogram/square metre	**0.0002**	0.0002
Particulate matter (PM)	kilogram/square metre	**0.013**	0.012

Greenhouse Gas Emissions

During the Reporting Year, the Group's continuous expansion of operational projects, expansion of human resources, and accelerated development of overseas market layout collectively resulted in an increase in business travel demand. Consequently, the Group's total GHG emissions increased by 82.97% and emission intensity increased by 80.00%. As a result, the Group did not achieve the emission target set in the previous reporting year. The Group will strive to minimise the total GHG emissions by reducing the intensity of total GHG emissions or maintaining it between 90% and 120% of the basic level for the year ended 31 March 2025 in the next reporting year.

1 The exhaust gas emissions are calculated with reference to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

2 During the Reporting Year, the statistics of all the intensity were calculated with a unified total operating area of 5,482.87 (2024: 5,482.87) square metres to better comply with the requirement of consistency of the reporting principles. This figure would also be used to calculate other intensity.

Environmental, Social and Governance Report (continued)

During the Reporting Year, the data on GHG generated by the Group in operations was as follows:

GHG Emissions[3]	Unit	2025	2024
Direct GHG emissions (Scope 1)			
Diesel for motor vehicles	tonnes of CO_2e	**114.95**	63.60
Gasoline for motor vehicles	tonnes of CO_2e	**109.84**	131.71
Energy indirect GHG emissions (Scope 2)			
Purchased electricity	tonnes of CO_2e	**715.41**	315.10
Other indirect GHG emissions (Scope 3)			
Category five (waste generated during operations)			
Disposed paper	tonnes of CO_2e	**11.60**	8.24
Category six (business travel)			
Business travel	tonnes of CO_2e	**51.47**	23.66
Total GHG emissions	**tonnes of CO_2e**	**1,003.27**	548.31
Intensity of total GHG emissions	**tonnes of CO_2e/ square metre**	**0.18**	0.10

In response to the above source, the Group has actively taken the following emission reduction measures:

- Maintain and repair vehicles regularly to prevent them from emitting excessive exhaust gas due to damaged parts and other reasons;

- Adopt energy-saving electric machinery during the production, and turn off the unnecessary lighting system and electrical equipment;

- Reduce the number of business trips through electronic communication methods such as video conferences and WeChat conferences; and

- Post notices and posters with green information in prominent places in the office to promote best practices in environmental management and raise awareness of environmental protection among employees.

3 GHG emissions information is presented in terms of carbon dioxide equivalents with reference to, including but not limited to, the "Announcement on the Release of Electricity Carbon Footprint Factor Data for 2023" published by the Ministry of Ecology and Environment of the PRC, "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange. The emissions from business travel were calculated using the online tools provided by the International Civil Aviation Organization (ICAO).

Waste Management

The Group's non-hazardous waste mainly derives from scrap iron, scrap aluminum, stainless steel scrap, waste cardboards, waste plastics, waste paper, copper cable scrap and aluminum cable scrap generated in its offices and workshops. During the Reporting Year, due to the Group's expansion of scale of operational projects and increase in employee headcount, waste paper increased by 40.70% as compared with the previous reporting year. During the Reporting Year, through the introduction of advanced production equipment, the Group achieved a decrease in total non-hazardous waste by 44.79% and a decrease in intensity by 50.00% as compared with the previous reporting year, and successfully achieved the target set in the previous reporting year. Looking forward, the Group will continuously strive to minimise the total non-hazardous waste by reducing the intensity of total non-hazardous waste or maintaining it between 90% and 120% of the basic level for the year ended 31 March 2025 in the next reporting year.

During the Reporting Year, the data on non-hazardous wastes generated by the Group in operations was as follows:

Non-hazardous Waste Generation	**Unit**	**2025**	2024
Scrap iron and aluminium	tonnes	**107.24**	200.21
Stainless steel scrap	tonnes	**0.88**	N/A[4]
Waste cardboards	tonnes	**0.52**	1.76
Waste plastics	tonnes	**0.23**	/
Waste paper	tonnes	**2.42**	1.72
Copper cable scrap	tonnes	**0.56**	N/A[4]
Aluminum cable scrap	tonnes	**0.61**	N/A[4]
Total non-hazardous waste	**tonnes**	**112.46**	203.69
Intensity of total non-hazardous wastes	**tonnes/square metre**	**0.02**	0.04

In order to reduce the adverse impacts on the environment, the Group has formulated a series of environmental protection measures and purchased suitable equipment. Relevant measures are as follows:

- Waste water management: The domestic sewage produced in the operations is discharged into the sewage pipeline and transported to the designated sewage treatment plant for unified treatment.

[4] As the Group updated its data collection and classification methodologies and successfully obtained relevant data, the Group has decided to commence disclosure of data pertaining to stainless steel scrap, copper cable scrap and aluminum cable scrap since the Reporting Year.

Environmental, Social and Governance Report (continued)

- Solid waste management: The Group properly collects and stores the waste produced in the processing. All scrap iron and aluminium and waste cardboards collected will be resold to proper units for comprehensive treatment. In addition, other waste produced by the Group during daily operation will be uniformly collected and removed by the personnel of the competent environmental health authority. In a bid to avoid unnecessary waste of paper and advocate the efficiency of paper usage, the Group encourages its staff to use electronic documents in place of copied documents for internal or external communication during daily operations and reduce the use of paper accordingly. In case of need for printing, the Group would use double-sided printing and reuse the used environmentally friendly paper for printing.

Due to the nature of the Group's business, no significant hazardous waste is generated during the operation of the Group. As such, the Group has not set relevant environmental target.

A2. USE OF RESOURCES

Energy Consumption

The Group's energy consumption mainly derives from the direct energy consumption caused by the use of diesel and gasoline for the company's motor vehicles and the indirect energy consumption caused by purchased electricity. The company's motor vehicles are mainly used for the purpose of office and transporting construction materials for projects, while purchased electricity is mainly used to maintain the operation of the production equipment, lighting, air-conditioning system, computer and other office equipment in the production plant and office of the Group.

Due to the increase in the consumption of fuel for the company's motor vehicles as compared with last year as a result of the Group's expansion of scale of operational projects during the Reporting Year, the Group's total energy consumption and related intensity have increased. Although the Group failed to achieve the target set in the previous reporting year, looking forward, the Group will strive to minimise the total energy consumption by reducing the intensity of total energy consumption or maintaining it between 90% and 120% of the basic level for the year ended 31 March 2025 in the next reporting year.

Environmental, Social and Governance Report (continued)

During the Reporting Year, the energy consumption data during operation of the Group is as follows:

Energy Consumption	Unit	2025	2024
Direct energy consumption[5]			
Diesel for motor vehicles	kWh	**399,080.14**	247,157.71
Gasoline for motor vehicles	kWh	**446,717.92**	500,355.70
Indirect energy consumption			
Purchased electricity	kWh	**1,152,959.04**	552,509.87
Total energy consumption	**kWh**	**1,998,757.10**	1,300,023.28
Intensity of total energy consumption	**kWh/square metre**	**364.55**	237.11

In order to reduce the consumption of electricity, the Group adopts energy-saving electric machinery during the production, and also turns off the unnecessary lighting system and electrical equipment, to achieve the purpose of saving electricity. In addition, the Group reduces the waste of resources due to non-conforming products by strengthening the supervision of processing and enhancing the passing rate of products. For the implementation of environmental management system of the Group, resources and energy conservation, and reduction of pollutions of other kinds in the process of resources and energy use, enhancement of use and management of resources during construction and office activities, the Group has established the Green Office Management Agreement and the Resource Utilisation Management System.

Water Consumption

During the Reporting Year, as the continuous development of the Group's business and continuous increase in number of projects, there was a significant increase in demand for water sprinkling and dust suppression work at project sites. These series of changes directly caused a significant increase in the Group's total water resource consumption and intensity. As a result, the Group did not achieve the water resource conservation and efficient utilization targets set in the previous reporting year. Looking ahead, the Group will continue to reduce the water consumption, aiming to reduce or maintain the total amount and intensity of water consumption between 90% and 120% of the level of baseline for the year ended 31 March 2025 in the next reporting year.

5 The unit conversion method for energy consumption data is based on the "Energy Data Manual" published by the International Energy Agency.

During the Reporting Year, the water consumption data during operation of the Group is as follows:

Water Consumption	Unit	2025	2024
Total water consumption	**cubic metre**	**14,782.64**	2,267.14
Intensity of total water consumption	**cubic metre/square metre**	**2.70**	0.41

There was not any problem in securing applicable water sources in the place where the Group's office operated. In order to lessen the impacts on the natural environment, the Group encourages its staff to save water and reduce unnecessary waste, e.g. make sure water taps are properly turned off after use.

Use of Packaging Material

The Group is committed to environmental protection, thus its products are packaged based on the concept of simple and environmental-friendly to minimise the use of packaging materials. Based on the nature of the Group's business, the packaging materials used are mainly wooden pallets, cardboard boxes, wooden battens and wrap-around films. During the Reporting Year, the Group introduced advanced production equipment and optimized manufacturing processes, which resulted in a significant reduction in the usage of wrap-around films by 38.36% year-on-year, and effectively reduced material costs and environmental impact. Meanwhile, the Group implemented deep optimization in its statistical methods and refined the classification system for packaging materials. Though these series of measures further improved data completeness and accuracy of packaging materials consumption, they also caused an increase in both total consumption and intensity. As a result, the Group did not achieve the target set in the previous reporting year. Looking ahead, the Group will continue to reduce the total packaging materials consumption and intensity, aiming to reduce or maintain the total packaging materials consumption and intensity between 90% and 120% of the basic level for the year ended 31 March 2025 in the next reporting year.

During the Reporting Year, the packaging material consumption data during operation of the Group is as follows:

Use of Packaging Material	Unit	2025	2024
Wooden pallets	tonnes	**15.39**	N/A[6]
Cardboard boxes	tonnes	**2.34**	N/A[6]
Wooden battens	tonnes	**1.84**	N/A[6]
Wrap-around films	tonnes	**0.90**	1.46
Total consumption of packaging materials	**tonnes**	**20.47**	1.46
Intensity of total consumption of packaging materials	**tonnes/square metre**	**0.0037**	0.0003

6 During the Reporting Year, the Group started to disclose the consumption data of wooden pallets, cardboard boxes and wooden battens to enhance the transparency of ESG report.

A3. ENVIRONMENT AND NATURAL RESOURCES

The Group is mindful of the impact of its operations on the environment and natural resources.

In addition to abiding by relevant laws and standards concerning environment and properly protecting the natural environment, the Group also integrates the environmental protection concept into the internal management. As mentioned above, the Group has taken various environmental protection and energy-saving measures during the daily operations to conduct effective management on the emission of exhaust gas, waste water and solid waste. With regard to the noise management, the Group also tries to use the low-noise equipment in the production plant to reduce the emissions of noise. If any high-noise equipment is used as necessary, the Group would put the crash pad at the bottom of the equipment to reduce the noise.

The Group has obtained the ISO14001:2015 Environmental Management System Certification Certificate (環境管理體系認證證書), which formulates and implements relevant environment-related policies and objectives. The Group will review and investigate the system regularly to ensure the soundness and feasibility of the system so as to lead the Group to fully comply with all environmental protection regulations and meet the required environmental protection standards.

In order to further enhance the environmental consciousness of the enterprise and cultivate the environmental protection culture, the Group will regularly review and improve its business operation mode and evaluate its environment and natural resource policies to make more contributions to the communities where it operates in more effective modes including implementing more energy-saving measures.

A4. CLIMATE CHANGE

In response to international concerns about climate change, the Group has included climate change-related risks as one of the ESG issues and has made relevant disclosures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Environmental, Social and Governance Report (continued)

Analysis on the potential financial risks and opportunities of the Group arising from climate change and its response strategies thereof are as follows:

Potential opportunity	Potential financial impact Low Medium High	Short term (the Reporting Year)	Medium term (one to three years)	Long term (four to ten years)	Practice strategy
Products and services	Increase revenue through demand for sustainable energy products from certain companies and markets as they are transitioning to a low carbon economy				Continue to research and develop and maintain the quality of sustainable energy products to further expand the market and increase demand

Risk Category	Potential financial impact Low Medium High	Short term (the Reporting Year)	Medium term (one to three years)	Long term (four to ten years)	Practice strategy
Physical risk	Acute Intensified extreme weather conditions such as flooding resulting in loss of assets or supply chain disruptions, or extreme weather conditions that may affect daily operations due to the business need to work outdoors				Formulate the Safety Management System, the Emergency Rescue Plan for Prevention of Typhoon and Flood, the Contingency Plan for Prevention of Snowstorm and the Contingency Plan for Prevention of Storm Wind and Sandstorm to cope with extreme weather conditions
	Chronic Persistent high temperatures lead to increased electricity consumption, which in turn affects operating costs				
Transition risk	Policies and Regulations More stringent climate policies and regulations may increase compliance and operating costs				Adopt energy-saving policies and green measures to avoid over-consumption of natural resources Strict implementation of emission reduction measures to maintain low emission levels

B. SOCIAL

The Group regards talents as the most precious assets. It strives to offer the employees a safe and comfortable working environment and related training, and build a cooperative and friendly working environment with its staff. In addition, the Group provides comprehensive and competitive remuneration packages and benefits to attract talents and retain employees with outstanding performance.

B1. EMPLOYMENT

The Group strictly abides by relevant laws and regulations concerning labour of the PRC, including the "Labour Law of the People's Republic of China (《中華人民共和國勞動法》)", the "Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)" and the "Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)", etc.

The Group has formulated the Staff Handbook (《員工手冊》), Human Resource Management System (《人力資源管理制度》), Supplementary Provisions on Remuneration and Benefits Management System (《薪酬福利管理制度補充規定》) and Annual Performance Incentive Plan (《年終績效激勵方案》) in accordance with relevant labour regulations, covering aspects of human resource policies and working conditions, such as recruitment and promotion procedures, dismissal procedures, training, performance assessment, remuneration and benefits, working hours, vacations and other holidays (including marriage leave, compassionate leave and maternity leave), etc.

The Group attaches importance to employees and strives to offer equal opportunities for employees with different backgrounds. It recruits and promotes employees based on the performance of employees following the principle of openness, fairness and justice, regardless of the skin colour, descent, race, gender, age, nationality and religion, etc. All the candidates and existing employees of the Group are entitled to equal opportunities and fair treatment. The Group values the diversified backgrounds of employees, and welcomes talents with different characteristics joining Tonking New Energy to make contributions to the Group. In addition, with emphasis on the rest time of ours employees, the Group adopts the working system of five days per week and 7.5 hours per day. If there are any needs for overtime work, the Group provides relevant remuneration or arranges the leaves in lieu for employees according to the national regulations. To ensure that employees enjoy their due benefits, the Group also entitles its employees to due public holidays (including national statutory holidays) and other holidays, as well as reasonable remuneration, five social insurances and one housing fund, various allowances (such as communication expenses and meal fees) and year-end bonuses in accordance with national regulations. When employees resign, the Human Resource Department of the Group will calculate the salary for employees who will confirm the final salary, and handle relevant resignation procedures.

The Group deems that employees are the foundation of Tonking New Energy, and the enterprise achievements and progress shall be attributed to the concerted efforts of all employees. Therefore, the Group will make unremitting efforts to evaluate the internal mechanism, and share its achievements with employees by means of performance incentives, training and promotions.

Environmental, Social and Governance Report (continued)

During the Reporting Year, the Group strictly abided by relevant and regulations concerning labour of the PRC.

For the year ended 31 March 2025, the breakdown of employees by gender, employment type, age group, employee type and geographical region is set out below:

Number of employees	**Unit**	**2025**	2024
Total number of employees	**person**	**158**	140
By gender			
Female	person	**41**	37[7]
Male	person	**117**	103
By employment type			
Full time	person	**158**	140
Part time	person	/	/
By age group			
<25	person	**21**	19
25–29	person	**26**	27
30–39	person	**55**	54
40–49	person	**31**	22
>50	person	**25**	18
By employee type			
Junior staff	person	**136**	21
Senior staff	person	**N/A[8]**	100
Management	person	**22**	19
By geographical region			
PRC	person	**158**	140

7 Due to data deviation occurred during the process of statistics, the Group revised and restated the statistical result of number of employees by gender in the previous reporting year.

8 As the Group adjusted its classification criteria for employee category, no staff was categorized as senior staff during the Reporting Year.

During 2025, the breakdown of employee turnover rate by gender, age group and geographical region is set out below:

Employee turnover rate[9]	Unit	2025	2024
Total employee turnover rate	**percentage**	**17**	14
By gender			
Female	percentage	**10**	11[10]
Male	percentage	**20**	16
By age group			
<25	percentage	**52**	37
25–29	percentage	**19**	19
30–39	percentage	**13**	6
40–49	percentage	**10**	9
>50	percentage	**4**	17
By geographical region			
PRC	percentage	**17**	14

DIVERSITY POLICY

The Group attaches importance to the principle of non-discriminatory governance and is committed to creating a diverse working environment. In respect of the composition of the Board of Directors, the procedure for nomination of directors has been established at present, and shareholders of the Group may recommend any eligible person for election as a director. According to the internal guidance, candidates shall be recommended based on different backgrounds and expertise, and those ultimately elected shall have at least one male director and one female director to achieve board diversity. As at 31 March 2025, the Board of Directors of the Group comprises 1 male Director and 1 female Director.

In addition to the Board of Directors, we also implement the "Non-Discrimination and Diversity Policy (《無歧視及多元化政策》)" for the working environment of general employees. The current employee structure of the Group includes both male and female employees, who are entitled to the same job development opportunities and benefits. For instance, male employees and female employees can receive the same training. The Group will continue to deepen our diversity policy in the future, including seeking to increase the proportion of female employees in the employee structure.

9 The total employee turnover rate is calculated by dividing the total number of employees resigned during the year by the number of employees at the end of the year and multiplying by 100%; the turnover rate of each category of employees is calculated by dividing the number of employees resigned within that category during the year by the number of employees within that category at the end of the year and multiplying by 100%.

10 Due to data deviation occurred during the process of statistics, the Group revised and restated the statistical result of employee turnover rate by gender in the previous reporting year.

Environmental, Social and Governance Report (continued)

B2. HEALTH AND SAFETY

The Group attaches importance to employees' health and safety, and strictly abides by relevant laws and regulations such as the "Labour Law of the People's Republic of China (《中華人民共和國勞動法》)", the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)" and the "Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)".

The Group aims to create and provide a safe, healthy and comfortable working environment for employees, and has formulated the "Safety Management System (《安全管理制度》)" and the "Environmental Hygiene and Safety Inspection Management System (《環境衛生安全檢查管理制度》)" to guarantee the physical and mental health of employees and reduce accidents occurred at workplaces. The Group has also obtained the ISO 45001:2018 "Occupational Health and Safety System Certificate (《職業健康安全體系證書》)". Safe operation rules are strictly implemented to reduce and prevent any deaths or losses of property and time due to accidents.

The Group offers on-the-job training and safety education and guidance for newly recruited employees in order to enable them to effectively perform the job responsibilities and obtain necessary knowledge and skills. Employees are allowed to work at the post only when they pass the appraisal, and those at special posts (such as electricians and welders) are required to obtain corresponding professional qualifications and receive relevant specialised training. The Group will also continuously arrange the occupational health and safety training for employees, in a bid to enhance the technological level of employees, guarantee the production safety, and prevent the occurrence industrial accidents.

The installation of most photovoltaic equipment and accessories of the Group can be easily carried out without using complicated or large-scale equipment. The Group will entrust contractors with the engineering using large-scale equipment. Upon commencement of construction, the Group will continuously arrange safety management staff to conduct on-site supervision and offer guidance. Employees are also required to wear suitable labour protective articles (such as safety helmet).

In terms of working environment, we are committed to providing employees with an ideal and safe working environment, regularly inspecting the environmental hygiene, equipment, fire and safety facilities and offices of the entire plant in accordance with the "Record Sheet of Safety (Environment) Inspections (《安全 (環境) 巡查記錄表》)" and taking all appropriate measures to protect the health and safety of employees. In addition, the Group also ensures that fire-fighting equipment can operate normally in the event of a fire and reduce the spread of fire to protect the safety of employees.

In terms of health care, the Group has made contributions to social insurances (including medical insurance, work-related injury insurance, maternity insurance and etc.) for employees in accordance with the local and national laws and regulations. Employees are also provided with multifaceted physical examinations at the designated hospitals or physical examination centres every two years, which can effectively guarantee the occupational safety and health of employees. In order to ensure the Group's production safety and employees' health, as well as effectively control the infectious diseases and fulfil its social responsibilities.

Environmental, Social and Governance Report (continued)

The Group also requires employees with fever or physical discomfort to notify their department manager in advance and ask for leave to go to the designated hospital for medical treatment, and can get back to work only until they have recovered and had no symptoms after observation.

During the Reporting Year, there were 2 records (2024: 1 record) of work-related injury and resulted in 65 lost days in the Group. One injury was mainly an employee who suffered rib fractures after slipping from stairs due to strong winds, and another injury was mainly an employee who suffered fractures and sprains due to accidentally slipping from a ladder. The Group had arranged medical treatment and surgery for the employee immediately after the incident. In response to the incident, the Group has reminded the relevant staff of the Installation Department and On-site Project Department of the importance of occupational safety and that all projects shall be operated in accordance with the guidelines set out in the Safety Management System (《安全管理制度》) for the avoidance of the recurrence of similar incidents.

There was no recorded case of work-related fatalities for the Group in 2025 and the past two reporting years.

B3. DEVELOPMENT AND TRAINING

The Group emphasises the importance of talent training, and firmly believes that the technology and experience of its employees are critical elements for the long-term development of the Group. Therefore, the Group has formulated the Human Resource Management System (《人力資源系統管理制度》) and the Staff Handbook (《員工手冊》) covering its training objectives, plans and management, and strives to enhance the performance of its employees through effective training, tutorship and on-the-job development. In addition, the Group updates the Annual Training Plan (《年度培訓計劃》) each year to ensure that employees from different departments and ranks receive adequate training opportunities.

The training of the Group is mainly divided into internal training and external training. Necessary internal training is provided for relevant operation posts in response to the development needs of the enterprise. The training contents include new employee orientation program, on-the-job training for each department, technical operation, mechanical software application and safety knowledge, etc., which can help employees better adapt to the operations of the Group. For instance, the Group arranges trainings on photovoltaic mounting brackets and electrical knowledge for the Purchase Department, introduces changes in photovoltaic policies and market trends and project development directions during the Reporting Year for the Project Development Department, and offers training courses relating to financial management, fund management, tax regulations and financial system application for the Financial Department.

The Group also engages external training tutors to offer specialised training for its technical talents at technical posts and special types of work. In addition, the Group encourages managers of each department to recommend high-potential employees to attend external training and development programs according to work needs, so as to further improve the working skills and professional knowledge of its employees. Necessary funds will be provided by the Group according to the relevance of the training contents with the knowledge required for employees' posts.

During the Reporting Year, the Group's employees have in aggregate participated in approximately 1,434.00 (2024: 1,656.00) hours of training. The percentage of employees trained and the average training hours are set out below:

Percentage of employees trained	Unit	2025	2024
Percentage of total employees trained[11]	**Percentage**	**96**	99
By gender			
Female	Percentage	**24**	26[12]
Male	Percentage	**76**	74
By employee category			
Junior staff	Percentage	**88**	15
Senior staff	Percentage	**N/A[8]**	73
Management	Percentage	**12[13]**	12
Average training hours[14]	**hour**	**9.08**	11.83
By gender			
Female	hour	**8.46**	11.99
Male	hour	**9.29**	37.00
By employee category			
Junior staff	hour	**9.61**	12.00
Senior staff	hour	**N/A[8]**	12.00
Management	hour	**5.77**	10.74

11 The percentage of total employees trained is calculated by dividing the number of employees trained during the year by the total number of employees at the end of the year and multiplying by 100%. The percentage of employees trained by category is calculated by dividing the number of employees in the specified category who took part in training during the year by the total number of employees trained during the year and multiplying by 100%.

12 Due to data deviation occurred during the process of statistics, the Group revised and restated the statistical result of percentage of employees trained by gender in the previous reporting year.

13 Due to rounding adjustments, percentage of management personnel trained by employee category has been adjusted to 12%.

14 The average training hours completed per employee is calculated by dividing the total number of training hours during the year by the total number of employees at the end of the year. The average training hours completed per employee by category is calculated by dividing the number of training hours for employees in the specified category during the year by the number of employees in the specified category at the end of the year.

Environmental, Social and Governance Report (continued)

B4. LABOUR STANDARDS

The Group strictly complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). During the Reporting Year, the Group was not aware of any material non-compliance with relevant laws and regulations on preventing child and forced labour.

To avoid child labour, the Group has implemented strict requirements for employee selection and therefore formulated a set of stringent screening and recruitment procedures. According to the Human Resource Management System (《人力資源系統管理制度》), the Group requires job applicants to provide personal documents, such as identity card and academic certificate for verification by the HR Department to ensure that the age of each applicant is in compliance with the local legal requirements. Any person under the legal working age or without identity documents will not be hired by the Group. The Group will immediately terminate the contract with the employee if it finds out that the employee has supplied false information. In addition, the Group's employees work overtime on a voluntary basis to avoid violations of the regulations relating to forced labor and to duly protect the rights and interests of employees.

Upon discovery of any non-compliance, the Group will immediately investigate, impose punishment on or dismiss the employee held responsible. The Group will further improve its labour mechanism in response to such non-compliance, if necessary.

B5. SUPPLY CHAIN MANAGEMENT

The Group has strict requirements on the selection of suppliers, and has formulated the Supplier Audit Management System (《供應商審核管理制度》) and the Measures on Products Supervision, Manufacturing and Control for Suppliers (《供應商產品監造控制辦法》), for standardizing the supplier management procedures in a bid to enhance the management of environmental and social risks of supply chain. During the Reporting Year, the Group purchased from 149 (2024: 135) suppliers across China.

During the selection of potential suppliers, the Purchase Department firstly conducts preliminary assessment of candidate suppliers to understand their enterprise data, product quality, supply capability, quality management, environmental protection and aftersales service; and then asks suppliers to provide material samples, which will undergo the quality testing by the Quality Department or Technology R&D Department. Under normal circumstances, suppliers will be included into the list of recognised suppliers after their samples pass the inspection, and suppliers that consider environmental and social compliance will be more favorable to be accepted as recognised suppliers. The Quality Department, Technology R&D Department and Purchase Department will form a supplier investigation team when necessary to conduct on-site investigation of suppliers and submit supplier investigation reports. New suppliers will be included into the list of recognized suppliers upon jointly approved by the Purchase Department, Quality Department and Technology R&D Department.

In addition, the Group strictly monitors the performance of suppliers, and appraises the recognised suppliers on semi-annual basis, in order to guarantee the quality of goods supplied by suppliers. The appraisal standards include the quality, date of delivery, price and service quality, etc. The Group will require the supplier that fails to reach the standards of the Group to make rectifications, and will only continue to make purchase from that supplier until completion of corresponding corrective measures.

B6.1.PRODUCT RESPONSIBILITY

It is deeply believed that good product quality is of vital importance to the sustainable development of the Group, and is the key to success of the Group. Therefore, the Group has always been strictly monitoring the product quality, in order to guarantee that the product quality can satisfy customers' requirements.

The Group's products and services received support and recognition from all walks of life. During the Reporting Year, the Group was awarded as "2024 First Batch of Zhejiang Manufacturing Single Champion Cultivation Enterprises" (2024年第一批浙江省製造業單項冠軍培育企業名單) by the Zhejiang Provincial Department of Economy and Information Technology; "National Specialized, Sophisticated, Distinctive, and Innovative (Little Giant) Enterprise" (國家專精特新小巨人企業) by the General Office of the Ministry of Industry and Information Technology; "Silver Prize in the Jiangshan Employees' 'Five Small' Innovation Achievements Competition" (江山市職工「五小」創新成果競賽銀獎), "Outstanding Contribution Award" (傑出貢獻獎), "Mu Average Efficiency Award" (畝均效益獎) and "Enterprise Advancement Award" (企業上台階獎) by Jiangshan Municipal Government; "2025 Second-Class QC Group Achievement Award for Gansu Construction Projects" (2025年甘肅省工程建設QC小組二類成果獎) by Gansu Provincial Construction Industry Association for the Linze Project.

The Group has formulated the "Regulation on Work Inspection" (《檢測作業規程》) and "Inspection Code" (《檢驗規範》) in accordance with the "Product Quality Law of the People's Republic of China" (《中華人民共和國產品質量法》) to standardize the product quality inspection procedures. For example, the Quality Department will carry out quality test before warehousing the purchased raw materials. Only raw materials that pass the inspection can be warehoused; and those that fail to pass the inspection will be handled according to the appraisal results. Products out of the warehouse are monitored and inspected by the Quality Control Department. As for the processing entrusted with suppliers, the Group will appoint the Quality Inspector to carry out quality monitoring during the processing by suppliers, so as to guarantee the product safety and prevent the adverse impacts on the health of customers.

Besides, the Group strictly abides by the "Contract Law of the People's Republic of China" (《中華人民共和國合同法》), the "Construction Law of the People's Republic of China" (《中華人民共和國建築法》) and other relevant laws and regulations for installation projects. To ensure project quality, the Group continuously monitors the quality of its projects, appoints designated inspectors to carry out detection in each phase of our works and formulates rectification plans to make relevant rectifications in case of any problems, in order to guarantee the project quality can satisfy requirements. The Group will appoint technicians to carry out system debugging before the project is handed over to our customers, and issue a "Factory Inspection Report" (產品出廠檢驗報告單) to confirm that the project has passed the test.

Upon receipt of complaints on product quality, date of delivery and service from customers, the Marketing Department firstly analyses the complaints, and then passes the complaints to relevant departments for investigation and follow-up. When handling customer complaints, the Marketing Department will keep close communication and contact with customers, and follow up the implementation and results of the rectification plans with relevant departments on a regular basis, in order to guarantee the customer complaints have been effectively handled. The results of all customer feedbacks handled are recorded in the "After-sale Services Tracking Sheet" (《售後服務記錄表》). During the Reporting Year, the Group did not receive any complaints in respect of its products and services (2024: Nil).

During the Reporting Year, the Group did not recall any products for safety and health reasons (2024: Nil).

B6.2. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Group has applied several patents for its photovoltaic tracking system technology to protect the technology researched and developed by the Group. The R&D Department of the Group is responsible for the patent application. It has formulated a set of procedures for patent application. The Group has also formulated a "Patent Summary Sheet" (《專利匯總表》)to record the patents obtained, current status and annual fees of the relevant patents of the Group. The Group's cooperating law firm will also assist in monitoring issues in relation to patent renewals and payments of fees, etc. The Group has formulated the "Patent Management Measures" (《專利管理辦法》) in accordance with the "Patent Law of the People's Republic of China" (《中華人民共和國專利法》), the "Civil Code of the People's Republic of China" (《中華人民共和國民法典》) and other relevant laws and regulations to monitor and manage the planning of patents and intellectual property rights and related risks.

Furthermore, for the purpose of preventing the technologies researched and developed by the Group from being used without authorization or improperly used, the Group has entered into a confidentiality agreement with its employees, and formulated the "Staff Handbook (《員工手冊》)", stipulating that employees shall fulfill confidentiality responsibilities and may not divulge any confidential information (such as technologies researched and developed) of the Group to any third parties without permission. In addition, the Group strictly forbids R&D staff to take away any technologies researched and developed when they leave office by such means as deleting the computer accounts of relevant R&D staff, so as to prevent the data of the Group from being divulged.

During the Reporting Year, the Group did not identify any infringement or unauthorized use of our patents.

Environmental, Social and Governance Report (continued)

B6.3.PRIVACY

The Group highly recognizes the importance of personal data to business and personal privacy and has strictly implemented the "the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》)" and has developed the "Staff Confidentiality System" (《員工保密制度》). Therefore, personnel of the Marketing Department have been designated for the updating and maintenance of customer information of the Group, in order to protect the privacy of consumers. Other persons are strictly forbidden to copy or back up customer data without permission. Prior consent and acknowledgement from customers shall be required when it is necessary for relevant staff of the Group to provide such customer data in the external exchange and cooperation. In case of any non-compliance, the Group will follow the internal guideline as set out in the "Regulations on Economic Treatment for Liability Incidents" (《責任事故的經濟處理規定》).

B7. ANTI-CORRUPTION

The Group highly values the specialty and integrity of employees. It strives to adopt good business moral standards, and follow the concept of good faith, fairness and justice.

The Group strictly abides by the "Criminal Law of the People's Republic of China" (《中華人民共和國刑法》) and the "Anti-Unfair Competition Law of the People' s Republic of China" (《中華人民共和國反不正當競爭法》) and prohibits any corruption, defraud, money laundering, bribery and blackmail.

To cultivate a clean and efficient working atmosphere, the Group has formulated the "Anti-corruption and Self-discipline Management System" (《公司廉潔自律管理制度》) and "Staff Handbook" (《員工手冊》), which standardize the employees' behaviours and specify the procedures for handling gifts received by employees. For example, if an employee who receives a gift at work from an external unit shall hand over the gift to the Administration Department for treatment within three working days. In addition, employees shall sign the "Letter of Commitment of Anti-corruption and Self-discipline" (《員工廉潔自律承諾書》), covenanting that they will respect justice and abide by relevant laws, and will not seek for improper interests by taking advantages of the duty and power.

The Group has established good communication channels with employees. If employees find out or suspect corruption or immoral behaviours, they may report via the complaint box established by the Group. The Supervision Department of the Group will carry out investigation and verification according to the report contents, and handle with them according to actual situations.

During the Reporting Year, the Group was not involved in any lawsuits related to bribery, blackmail, defraud or money laundering. The Group closely monitors the regulation on anti-corruption and will arrange more trainings for directors and employees as and when required.

B8. COMMUNITY INVESTMENT

The Group is deeply aware of the significance of contributions to the society. Therefore, the Group will formulate policies related to community investment and make great endeavour to provide occupational development opportunities for local people, enhance the social and economic development, and recruit employees with the remuneration packages consistent with the market, so as to share the operation achievements with local residents.

During the Reporting Year, the Group is adjusting its operation model and business strategy to capture the business opportunities and has not organised any relevant community service activities. The Group will actively explore opportunities and organise relevant activities to serve the community.

Adhering to the corporate concept of "creating and sharing together with Tonking", the Group will greatly develop the photovoltaic industry based on its technological innovation advantages, and integrate the environmental and social factors into the investment decision-making process and operation management with reference to the best practice of the industry and the ESG standards recognised in the region.

Environmental, Social and Governance Report (continued)

THE STOCK EXCHANGE'S REPORTING INDICATOR INDEX

Subject areas, aspects, general disclosures and KPIs			
Aspect	**Description**	**Chapter/Section**	**Remarks**
A. Environmental			
Aspect A1: Emissions			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	*A. Environment* *A1. Emissions*	
KPI A1.1	The types of emissions and respective emissions data.	*Waste Gas Emissions*	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	*Greenhouse Gas Emissions*	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	*N/A*	*The business of the Group does not involve in direct production of hazardous waste and no significant hazardous waste is produced during its daily operation*
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	*Wastes Management*	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	*Waste Gas Emissions* *Greenhouse Gas Emissions*	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	*Wastes Management*	

Environmental, Social and Governance Report (continued)

Subject areas, aspects, general disclosures and KPIs			
Aspect	**Description**	**Chapter/Section**	**Remarks**
Aspect A2: Use of Resources			
General Disclosure	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	*A. Environment* *A2. Use of Resources*	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in ’000s) and intensity (e.g. per unit of production volume, per facility).	*Energy Consumption*	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	*Water Consumption*	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	*Energy Consumption*	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	*Water Consumption*	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	*Use of Packaging Materials*	
Aspect A3: Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	*A. Environmental* *A3. Environment and Natural Resources*	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	*A3. Environment and Natural Resources*	
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	*A. Environmental* *A4. Climate Change*	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	*A4. Climate Change*	

Environmental, Social and Governance Report (continued)

Subject areas, aspects, general disclosures and KPIs			
Aspect	**Description**	**Chapter/Section**	**Remarks**
B. Social			
Aspect B1: Employment			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	*B. Social* *B1. Employment*	
KPI B1.1	Total workforce by gender, employment type (e.g. full- or part-time), age group and geographical region.	*B1. Employment*	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	*B1. Employment*	
Aspect B2: Health and Safety			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	*B. Social* *B2. Health and Safety*	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	*B2. Health and Safety*	
KPI B2.2	Lost days due to work injury.	*B2. Health and Safety*	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	*B2. Health and Safety*	

Environmental, Social and Governance Report (continued)

Subject areas, aspects, general disclosures and KPIs			
Aspect	**Description**	**Chapter/Section**	**Remarks**
Aspect B3: Development and Training			
General Disclosure	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	*B3. Development and Training*	
KPI B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	*B3. Development and Training*	
KPI B3.2	The average training hours completed per employee by gender and employee category.	*B3. Development and Training*	
Aspect B4: Labour Standards			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	*B4. Labour Standards*	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	*B4. Labour Standards*	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	*B4. Labour Standards*	
Aspect B5: Supply Chain Management			
General Disclosure	General Disclosure Policies on managing environmental and social risks of the supply chain	*B5. Supply Chain Management*	
KPI B5.1	Number of suppliers by geographical region.	*B5. Supply Chain Management*	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	*B5. Supply Chain Management*	

Environmental, Social and Governance Report (continued)

Subject areas, aspects, general disclosures and KPIs			
Aspect	**Description**	**Chapter/Section**	**Remarks**
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	*B5. Supply Chain Management*	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	*B5. Supply Chain Management*	
Aspect B6: Product Responsibility			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	*B6.1 Product Responsibility* *B6.2 Protection of Intellectual Property Rights* *B6.3 Privacy*	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	*B6.1 Product Responsibility*	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	*B6.1 Product Responsibility*	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	*B6.2 Protection of Intellectual Property Rights*	
KPI B6.4	Description of quality assurance process and recall procedures.	*B6.1 Product Responsibility*	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	*B6.3 Privacy*	

Environmental, Social and Governance Report (continued)

Subject areas, aspects, general disclosures and KPIs			
Aspect	**Description**	**Chapter/Section**	**Remarks**
Aspect B7: Anti-corruption			
General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	*B7. Anti-corruption*	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	*B7. Anti-corruption*	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	*B7. Anti-corruption*	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	*B7. Anti-corruption*	
Aspect B8: Community Investment			
General Disclosure	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	*B8. Community Investment*	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	*B8. Community Investment*	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	*B8. Community Investment*	

Independent Auditor's Report

MOORE

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To the Shareholders of Tonking New Energy Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tonking New Energy Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 147, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Revenue recognition from contracts with customers

Refer to Notes 3, 4 and 5 to the consolidated financial statements.

The Group had revenue from contracts with customers of approximately HK$1,029,921,000 for the year ended 31 March 2025. Among which, approximately HK$776,417,000 was recognised on over time basis using input method, based on costs incurred, to measure the progress towards complete satisfaction of the provision of one-stop value added solution for photovoltaic power stations. The measurement of progress towards complete satisfaction of the Group's performance obligations involves significant management judgement and estimation, in particular the costs to completion of each project.

The recognition of revenue from provision of one-stop value added solution for photovoltaic power stations using input method is based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs. The Group reviews and revises the estimates of contract costs in the budget prepared for each contract as the contract progresses.

We identified the revenue recognition on the revenue from provision of one-stop value added solution for photovoltaic power stations as a key audit matter due to the significant judgement exercised by the management of the Company in determining the total contract costs and contract costs incurred for work performed to date.

Our audit procedures in relation to the revenue from provision of one-stop value added solution for photovoltaic power stations mainly included:

- Obtaining an understanding of the Group's revenue recognition policy and evaluating management's key internal controls for the Group's cost budgeting process for its projects for provision of one-stop value added solution for photovoltaic power stations and cost accumulation process for the projects;
- Inspecting, on a sampling basis, the signed contracts, variation orders, invoices, payment evidence and other correspondences with the customers to assess the reasonableness of the management's estimates of total contract sum for each project;
- Obtaining an understanding from management about how the cost budgets for the projects were prepared and the respective progress towards completion were determined;
- Obtaining corroborative evidence by inspecting progress reports, records of deliverables, cash receipts, minutes of management's regular internal meetings and correspondence with customers, as appropriate;
- Evaluating, on a sampling basis, the accuracy of direct costs recognised to date by checking to the supplier invoices and delivery notes of construction material consumed, invoices or payment application from sub-contractors, payroll records on staff costs or other supporting documents to evaluate the progress of respective projects; and
- Assessing the reliability of approved budgets by comparing the actual outcome against the management's estimation of completed contracts, on a sample basis.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS (continued)

Impairment assessment of trade and bills receivables, contract assets and other receivables

Refer to Notes 3, 4, 18, 19, 20 and 36 to the consolidated financial statements.

As at 31 March 2025, the Group's net trade and bills receivables, contract assets and other receivables (and refundable deposits) amounted to approximately HK$291,314,000, HK$226,195,000 and HK$87,490,000 respectively, representing approximately 36.1%, 28.0% and 10.8% of the total assets of the Group respectively. The Group's aggregate expected credit loss ("ECL") on trade and bills receivables, contract assets and other receivables as at 31 March 2025 amounted to approximately HK$32,084,000, HK$12,968,000 and HK$6,993,000, respectively.

The management of the Company performed periodic assessment on the recoverability of the trade and bills receivables, contract assets and other receivables and the sufficiency of the allowance for ECL.

Management's estimate of the amount of ECL for trade and bills receivables, contract assets and other receivables was based on the credit risk of respective trade and bills receivables, contract assets and other receivables after considering the credit profile of respective customers/debtors, ageing analysis, historical settlement records, and on-going trading relationship with the relevant customers. The management also considered the forward-looking information that may impact the customers'/debtors' ability to repay the outstanding balances.

We identified impairment assessment of trade and bills receivables, contract assets and other receivables as a key audit matter due to the involvement of subjective judgement and estimates of the management of the Company in determining the ECL of the Group's trade and bills receivables, contract assets and other receivables at the end of the reporting period.

Our audit procedures in relation to assessment of ECL on trade and bills receivables, contract assets and other receivables mainly included:

- Obtaining an understanding of the key processes in relation to how the management estimates the ECL of trade and bills receivables, contract assets and other receivables;

- Challenging the management's assessment of the recoverability of long outstanding and overdue trade and other receivables;

- Challenging management's basis and judgement in determining ECL on trade and bills receivables, contract assets and other receivables as at 31 March 2025, including their identification of credit-impaired trade and bills receivables, contract assets and other receivables, the reasonableness of management's grouping of the remaining customers/debtors into different categories, and the basis of estimated loss rates applied in each category (with reference to historical default rates and forward-looking information);

- Testing the working paper files prepared by management's expert to calculate the ECL and checking the information included in the working paper files; and

- Evaluating the appropriateness of the valuation methodology adopted by the management of the Company and the reasonableness of assumptions, including loss rates and forward-looking information applied by the management of the Company.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants

Ng Ngai Yan
Practising Certificate Number: P07422

Hong Kong, 24 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	5	**1,029,921**	766,108
Costs of sales		**(875,513)**	(669,599)
Gross profit		**154,408**	96,509
Other income and other gains or losses, net	6	**6,888**	3,996
Provision for credit loss allowances on trade receivables, net	18	**(12,792)**	(10,743)
Provision for credit loss allowances on other receivables	19	**(3,977)**	(1,148)
Provision for credit loss allowances on contract assets, net	20	**(7,482)**	(3,881)
Administrative and other operating expenses		**(47,618)**	(39,874)
Finance costs	7	**(5,082)**	(4,494)
Profit before income tax	8	**84,345**	40,365
Income tax expense	11	**(11,495)**	(6,497)
Profit for the year		**72,850**	33,868
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(1,167)**	(16,364)
Other comprehensive loss for the year, net of income tax		**(1,167)**	(16,364)
Total comprehensive income for the year		**71,683**	17,504
Profit for the year attributable to:			
Owners of the Company		**71,652**	32,822
Non-controlling interests		**1,198**	1,046
		72,850	33,868
Total comprehensive income for the year attributable to:			
Owners of the Company		**70,495**	17,464
Non-controlling interests		**1,188**	40
		71,683	17,504
			(Restated)
Earnings per share attributable to the owners of the Company			
– Basic and diluted (HK cents)	13	**6.56**	3.80

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	14	**30,342**	31,549
Right-of-use assets	15	**2,981**	4,204
Intangible assets	16	**2,099**	2,813
Deferred tax assets	26	**9,467**	5,071
		44,889	43,637
Current assets			
Inventories	17	**11,024**	19,375
Trade and bills receivables	18	**291,314**	274,598
Prepayments, deposits and other receivables	19	**102,800**	92,668
Contract assets	20	**226,195**	124,897
Amounts due from related parties	21	**5,607**	801
Restricted/pledged bank deposits	22	**44,084**	48,959
Cash and cash equivalents	22	**80,672**	44,318
		761,696	605,616
Current liabilities			
Trade and bills payables	23	**234,520**	180,429
Other payables and accruals	24	**16,259**	8,845
Matured promissory note	24	**48,984**	47,544
Contract liabilities	20	**23,031**	27,305
Amounts due to related parties	21	**7,476**	11,477
Bank and other borrowings	25	**34,682**	34,756
Lease liabilities	15	**554**	33
Tax payable		**3,435**	2,415
		368,941	312,804
Net current assets		**392,755**	292,812
Total assets less current liabilities		**437,644**	336,449
Non-current liabilities			
Lease liabilities	15	**2,167**	1,980
Bank and other borrowings	25	**59,676**	62,149
		61,843	64,129
Net assets		**375,801**	272,320

Consolidated Statement of Financial Position (continued)

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Equity			
Share capital	27	**12,270**	8,180
Reserves	28	**344,927**	245,720
Equity attributable to the owners of the Company		**357,197**	253,900
Non-controlling interests		**18,604**	18,420
Total equity		**375,801**	272,320

The consolidated financial statements on pages 76 to 147 were approved and authorised for issue by the board of directors on 24 June 2025 and are signed on its behalf by:

Wu Jian Nong
Director

Shen Meng Hong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Attributable to owners of the Company								
	Share capital HK$'000 (Note 27)	Share premium HK$'000 (Note 28)	Statutory reserves HK$'000 (Note 28)	Shares under share award scheme HK$'000	Exchange fluctuation reserves HK$'000 (Note 28)	Retained earnings HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2023	8,180	71,725	19,546	–	(7,143)	144,128	236,436	19,474	255,910
Profit for the year	–	–	–	–	–	32,822	32,822	1,046	33,868
Other comprehensive loss for the year	–	–	–	–	(15,358)	–	(15,358)	(1,006)	(16,364)
Total comprehensive income for the year	–	–	–	–	(15,358)	32,822	17,464	40	17,504
Transfer to statutory reserves	–	–	4,415	–	–	(4,415)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1,094)	(1,094)
At 31 March 2024 and 1 April 2024	8,180	71,725	23,961	–	(22,501)	172,535	253,900	18,420	272,320
Profit for the year	**–**	**–**	**–**	**–**	**–**	**71,652**	**71,652**	**1,198**	**72,850**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**(1,157)**	**–**	**(1,157)**	**(10)**	**(1,167)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(1,157)**	**71,652**	**70,495**	**1,188**	**71,683**
Issuance of shares under the Rights Issue (Note 27)	**4,090**	**35,710**	**–**	**–**	**–**	**–**	**39,800**	**–**	**39,800**
Purchase of shares (Note 27)	**–**	**–**	**–**	**(6,998)**	**–**	**–**	**(6,998)**	**–**	**(6,998)**
Transfer to statutory reserves	**–**	**–**	**8,303**	**–**	**–**	**(8,303)**	**–**	**–**	**–**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,004)**	**(1,004)**
At 31 March 2025	**12,270**	**107,435**	**32,264**	**(6,998)**	**(23,658)**	**235,884**	**357,197**	**18,604**	**375,801**

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Cash flows from operating activities			
Profit before income tax		**84,345**	40,365
Adjustments for:			
Bank interest income	6	**(1,620)**	(878)
Finance costs	7	**5,082**	4,494
(Gain)/loss on disposal of property, plant and equipment	6	**(27)**	38
Gain on disposal of right-of-use assets	6	**(96)**	–
Depreciation of property, plant and equipment	8	**3,317**	2,785
Depreciation of right-of-use assets	8	**673**	423
Amortisation of intangible assets	8	**783**	774
Provision for credit loss allowances on trade receivables, net		**12,792**	10,743
Provision for credit loss allowances on other receivables		**3,977**	1,148
Provision for credit loss allowances on contract assets		**7,482**	3,881
		116,708	63,773
Operating cash flows before movements in working capital			
Decrease/(increase) in inventories		**8,402**	(3,386)
Increase in trade and bills receivables		**(70,410)**	(160,657)
Increase in prepayments, deposits and other receivables		**(14,229)**	(25,233)
Increase in contract assets		**(109,578)**	(8,695)
Increase in amounts due from related parties		**(4,841)**	(240)
Decrease/(increase) in restricted bank deposits for operating purposes		**45,995**	(43,793)
Increase in trade and bills payables		**94,911**	115,333
Increase/(decrease) in other payables and accruals		**7,410**	(2,328)
(Decrease)/increase in contract liabilities		**(4,292)**	13,552
(Decrease)/increase in amounts due to related parties		**(4,001)**	309
Cash generated from/(used in) operations		**66,075**	(51,365)
Income tax paid		**(14,896)**	(8,920)
Net cash from/(used in) operating activities		**51,179**	(60,285)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Cash flows from investing activities			
Interest received		**1,620**	878
Placement of pledged bank deposits		**(42,074)**	–
Withdrawal of pledged bank deposits		**1,275**	8,363
Purchases of property, plant and equipment		**(2,146)**	(2,466)
Proceeds from disposal of property, plant and equipment		**57**	90
Net proceeds from disposal of right-of-use assets	15	**1,617**	–
Net cash (used in)/from investing activities		**(39,651)**	6,865
Cash flows from financing activities			
Proceeds from bank borrowings	32	**32,691**	75,781
Proceeds from other borrowings	32	**–**	21,683
Repayments of bank borrowings	32	**(32,963)**	(47,485)
Repayments of other borrowings	32	**(2,232)**	(559)
Interest paid on bank borrowings	32	**(2,574)**	(2,491)
Interest paid on other borrowings	32	**(934)**	(441)
Proceeds from issuance of shares upon rights issue	27	**40,900**	–
Transaction cost of issuance of shares upon rights issue	27	**(1,100)**	–
Repayment of lease liabilities – principal	32	**(252)**	(139)
Repayment of lease liabilities – interest	32	**(134)**	(122)
Purchase of shares under share award scheme	27	**(6,998)**	–
Dividends paid to non-controlling interests		**(1,004)**	(1,094)
Net cash from financing activities		**25,400**	45,133
Net increase/(decrease) in cash and cash equivalents		**36,928**	(8,287)
Cash and cash equivalents at the beginning of the year		**44,318**	54,617
Effect of foreign exchange rate changes, net		**(574)**	(2,012)
Cash and cash equivalents at the end of the year		**80,672**	44,318

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, the Cayman Islands. The address of its principal place of business is Room 701, 7th Floor, Peninsula Centre, 67 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

During the year ended 31 March 2025, Rise Triumph Limited, which is incorporated in the British Virgin Islands (the "BVI") and is controlled by Mr. Wu Jian Nong ("Mr. Wu"), who is also an executive director and Chief Executive Officer of the Company, became the Company's immediate and ultimate holding company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 31. The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements have been prepared in accordance with all HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing Securities on GEM of Stock Exchange (the "GEM Listing Rules").

The consolidated financial statements have been prepared on the historical cost basis, except for the bills receivables at fair value through other comprehensive income which are measured at fair values. The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The critical accounting judgement and major sources of estimation uncertainty are disclosed in Note 4.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of amendments to HKFRS Accounting Standards effective from 1 April 2024

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA, which are relevant and mandatorily effective for the period beginning on 1 April 2024 for the preparation of the Group's consolidated financial statements:

Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKFRS16	Lease liability in a sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the primary financial statements and the notes. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2025.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Furniture and fixtures	2 years to 5 years
Other equipment	2 years to 5 years
Motor vehicles	2 years to 4 years
Generator and related equipment	5 years to 20 years

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated profit or loss when the asset is derecognised.

The Group's intangible assets have finite useful lives. All intangible assets are amortised on a straight-line basis over the estimated useful lives of two to ten years.

Research and development cost

All research costs are charged to the consolidated profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for sale. Its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development.

Product development expenditure which does not meet these criteria is expensed when incurred.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired assets.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated profit or loss in the year in which it arises.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	9–50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight- line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

Subsequent changes in the carrying amounts for bills receivable classified at fair value through other comprehensive income as a result of interest income calculated using the effective interest method are recognised in consolidated profit or loss. All other changes in the carrying amount of these bills receivable are recognised in other comprehensive income and accumulated under the heading of fair value through other comprehensive income reserve. Impairment allowances are recognised in consolidated profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivable. When these bills receivable are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to consolidated profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

Impairment of financial assets

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost using the effective interest method.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, matured promissory note, amounts due to related parties and bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents and restricted/pledged bank deposits

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents and restricted/pledged bank deposits (continued)

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at bank which are not restricted as to use.

Bank deposits which are pledged and restricted to use are included in "restricted/pledged bank deposits" in the consolidated statement of financial position.

Revenue recognition

Revenue from contracts with customers

Provision of one-stop value added solution for photovoltaic power stations

Revenue from the provision of photovoltaic power stations construction services is recognised over time, by reference to the progress towards complete satisfaction of the service, because the Group's performance creates or enhances the photovoltaic power stations that the customers control as the photovoltaic power stations are created or enhanced at the customers' designated locations.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Group's performance in transferring control of goods or services.

Sales of the patented photovoltaic tracking mounting bracket systems

Revenue from sales of goods are recognised at point in time when control of the goods has been transferred to the customers. Control is primarily evidenced by taking physical possession and inventory risk of the goods. The Group controls the good before the good is transferred to a customer.

Sales of electricity

Revenue from the sales of electricity is recognised when control of the asset is transferred to the customer, generally when electricity is supplied to the provincial grid companies.

Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Other employee benefits

Defined benefit plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiaries within the Group which operate in the People's Republic of China (the "PRC") are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

The provision for long service is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The foreign currencies are currencies other than the HK$. As at the end of each of the reporting period, the assets and liabilities of foreign operation are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income and expenses items are translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in the consolidated profit or loss in the year in which they are incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated profit or loss in the period in which they become receivable. Such grants are presented under other income and gains, net.

4. CRITICAL ACCOUNTING JUDGEMENT AND SIGNIFICANT ACCOUNTING ESTIMATES

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimates (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on provision of one-stop value added solution for photovoltaic power stations

The Group recognises revenue from provision of one-stop value added solution for photovoltaic power stations over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, by reference to the progress towards complete satisfaction of service using the input method, which is measuring progress toward satisfying performance obligations based on costs incurred to date relative to total estimated budgeted costs. The directors of the Company exercised judgements in selecting input method for measuring progress and considered the input method best reflects the Group's performance in fulfilling contractual obligations as at the end of the reporting period.

Estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Estimated useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are depreciated on a straight-line basis over the estimated useful lives of the assets, generally from 2 to 20 years and 2 to 10 years (2024: 2 to 20 years and 2 to 10 years), respectively.

The estimated useful lives that the Group depreciates the property, plant and equipment and the intangible assets reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years. As at 31 March 2025, the carrying amount of property, plant and equipment was approximately HK$30,342,000 (2024: HK$31,549,000), net of accumulated depreciation of HK$22,974,000 (2024: HK$19,994,000) (Note 14), the carrying amount of intangible asset was approximately HK$2,099,000 (2024: HK$2,813,000), net of accumulated amortisation of HK$6,940,000 (2024: HK$6,166,000) (Note 16).

Revenue recognition on provision of one-stop value added solution for photovoltaic power stations

The Group recognised revenue on provision of one-stop value added solution for photovoltaic power stations by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of costs incurred for work performed to date relative to the total estimated budget costs. Significant judgement is involved in estimating budgeted costs, which directly affects the timing and amount of revenue recognised. The management regularly discusses with the site managers in order to review and revise the estimates of the total budget costs based on stage of completion of the work performed to date with reference to the performance and status of corresponding construction work. Accordingly, revenue recognition on service contracts involves a significant degree of management's estimates and judgements, with estimates being made to assess the total budget costs and costs incurred for work performed to date. While the Group mitigates estimation risks through periodic budget reviews and historical data analysis, material differences between actual and budgeted costs could lead to significant adjustments in reported revenue.

During the year ended 31 March 2025, revenue amounted to approximately HK$776,417,000 (2024: HK$211,247,000) was recognised over time based on the abovementioned input method.

Provision for ECLs on trade and bill receivables, contract assets and other receivables

The Group had measured ECLs for trade and bills receivables and contract assets at lifetime ECLs based on the default rates from international credit rating agencies for relevant industries of debtors, debtor's creditworthiness and ageing of trade receivables, and are adjusted with forward-looking information that is available without undue cost or effort. Provision for ECLs is sensitive to changes in estimates. Details about the ECLs are disclosed in Note 36.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

5. SEGMENT INFORMATION AND REVENUE

For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable operating segment which is the renewable energy business segment. The renewable energy business segment engages in (i) provision of one-stop value added solution for photovoltaic power stations (EPC, maintenance and support, and testing); (ii) sales of the patented photovoltaic tracking mounting bracket systems; and (iii) sales of electricity. The executive directors of the Company review the profit for the year and financial position of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

The Group's revenue from external customers was derived solely from its operations in the PRC and all of the non-current assets of the Group were located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025	2024
	HK$'000	HK$'000
Customer A	**260,771**	–
Customer B	**231,403**	–
Customer C	**166,267**	–
Customer D	**–**	138,792
Customer E	**–**	88,566
Customer F	**–**	77,264

An analysis of revenue is as follows:

	2025	2024
	HK$'000	HK$'000
Revenue from contracts with customers		
Provision of one-stop value added solution for photovoltaic power stations	**776,417**	211,247
Sales of the patented photovoltaic tracking mounting bracket systems	**246,046**	547,741
Sales of electricity	**7,458**	7,120
	1,029,921	766,108

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

5. SEGMENT INFORMATION AND REVENUE (continued)

(i) Disaggregated revenue information

	2025 HK$'000	2024 HK$'000
Timing of revenue recognition		
Over time	**776,417**	211,247
At a point in time	**253,504**	554,861
	1,029,921	766,108

(ii) Performance obligations

Provision of one-stop value added solution for photovoltaic power stations

The Group provides one-stop value added solution to customers including construction of photovoltaic power stations. Such services are recognised as performance obligations satisfied over time as the Group's performance creates or enhances the photovoltaic power stations that the customers control as the photovoltaic power stations are created or enhanced at the customers' designated locations. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The customer prepays certain percentage of the contract amount within 30 days after the contract is signed and pays fixed amounts based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is recognised using the input method based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

Sales of the patented photovoltaic tracking mounting bracket systems

Revenue from sales of goods are recognised at point in time when control of the goods has been transferred to the customers. Control is primarily evidenced by taking physical possession and inventory risk of the goods. The Group controls the good before the good is transferred to a customer. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the quality of goods by the customers over a certain period as stipulated in the contracts.

Sales of electricity

Revenue from the sales of electricity is recognised when control of the asset is transferred to the customer, generally when electricity is supplied to the provincial grid companies.

5. SEGMENT INFORMATION AND REVENUE (continued)

(iii) Transaction price allocated to the remaining performance obligations from contracts with customers

The Group has applied the practical expedient under HKFRS 15 so that transaction price allocated to unsatisfied performance obligations under contracts for provision of one-stop value added solution for photovoltaic power stations and sales of the patented photovoltaic tracking mounting bracket systems are not disclosed as such contracts have an original expected duration of one year or less.

6. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	2025 **HK$'000**	2024 HK$'000
Other income		
Government subsidies (Note)	**5,306**	2,948
Bank interest income	**1,620**	878
	6,926	3,826
Other gains or losses, net		
Gain/(loss) on disposal of property, plant and equipment	**27**	(38)
Gain on disposal of right-of-use assets	**96**	–
Foreign exchange gain/(loss)	**34**	(102)
Others	**(195)**	310
	(38)	170
	6,888	3,996

Note: During the years ended 31 March 2025 and 2024, the Group received the government subsidies which were granted to encourage renewable energy business development in the PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

7. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest expense on bank and other borrowings	**3,508**	2,932
Interest expense on promissory note	**1,440**	1,440
Interest expense on lease liabilities (Note 15)	**134**	122
	5,082	4,494

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2025 HK$'000	2024 HK$'000
Directors' remuneration (Note 9) (Note a)	**2,977**	2,314
Other staff costs (Note a)		
– Salaries, wages, fees and other benefits	**28,032**	18,888
– Retirement benefit scheme contributions (Note d)	**3,417**	2,599
	31,449	21,487
Auditor's remuneration	**750**	700
Amortisation of intangible assets (Note 16) (Note b)	**783**	774
Depreciation of: (Note b)		
– Property, plant and equipment (Note 14)	**3,317**	2,785
– Right-of-use assets (Note 15)	**673**	423
Short-term leases expenses (Note 15)		
– Premises	**12**	12
– Machinery, motor vehicles and other equipment	**4,062**	2,099
Cost of inventories sold recognised as expenses	**199,982**	457,240
Cost of materials used for construction contracts	**364,196**	86,209
Sub-contracting fees included in costs of sales	**243,731**	123,025
Tendering service fee (Note c)	**4,764**	6,151
Research and development expenditure (Note e)	**15,239**	11,669

8. PROFIT BEFORE INCOME TAX (continued)

Notes:

(a) Total directors' remuneration and other staff costs of approximately HK$9,621,000 (2024: HK$3,529,000) and HK$24,805,000 (2024: HK$20,272,000) have been charged to cost of sales and administrative and other operating expenses respectively for the year ended 31 March 2025.

(b) Total amortisation and depreciation of approximately HK$2,821,000 (2024: HK$2,781,000) and HK$1,952,000(2024: HK$1,201,000) have been charged to cost of sales and administrative and other operating expenses respectively for the year ended 31 March 2025.

(c) Total tendering service fee of approximately HK$4,764,000 (2024: HK$6,151,000) has been charged to cost of sales for the year ended 31 March 2025.

(d) As at 31 March 2025, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2024: Nil).

(e) Total research and development expenditure of approximately HK$15,239,000 (2024: HK$11,669,000) has been charged to administrative and other operating expenses for the year ended 31 March 2025.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of the remuneration paid or payable to the individuals as the directors and the chief executive of the Company during the year are as follows:

	2025 **HK$'000**	2024 HK$'000
Directors' fees	**1,341**	652
Salaries and allowances	**1,566**	1,582
Retirement benefit scheme contributions	**70**	80
	2,977	2,314

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Year ended 31 March 2025			
	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Wu Jian Nong (Chief Executive Officer)	271	388	–	659
Ms. Shen Meng Hong	390	400	26	816
Mr. Xu Shui Sheng	380	778	44	1,202
Sub-total	1,041	1,566	70	2,677
Independent non-executive directors				
Mr. Zhou Yuan	100	–	–	100
Ms. Wang Xiaoxiong	100	–	–	100
Mr. Shen Fuxin (Note (i))	100	–	–	100
Sub-total	300	–	–	300
Total	1,341	1,566	70	2,977

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Year ended 31 March 2024			
	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Wu Jian Nong (Chief Executive Officer)	352	387	–	739
Ms. Shen Meng Hong	–	375	26	401
Mr. Xu Shui Sheng	–	820	54	874
Sub-total	352	1,582	80	2,014
Independent non-executive directors				
Mr. Zhou Yuan	100	–	–	100
Ms. Wang Xiaoxiong	100	–	–	100
Mr. Shen Fuxin (Note (i))	75	–	–	75
Mr. Yuan Jiangang (Note (ii))	25	–	–	25
Sub-total	300	–	–	300
Total	652	1,582	80	2,314

The executive directors' remuneration shown above were for their services in connection with the management of the affairs of the Company and the Group while the independent non-executive directors' remuneration shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

During the years ended 31 March 2025 and 2024, no remuneration was paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes:

(i) Mr. Shen Fuxin was appointed as an independent non-executive director with effect from 30 June 2023.

(ii) Mr. Yuan Jiangang resigned as an independent non-executive director with effect from 30 June 2023.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals included three (2024: three) directors of the Company whose emoluments are included in the disclosure in (Note 9) above. The remuneration of the remaining two (2024: two) individuals was as follows:

	2025	2024
	HK$'000	HK$'000
Salaries and allowances	**1,281**	978
Retirement benefit scheme contributions	**61**	59
	1,342	1,037

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of individuals	
	2025	2024
Nil to HK$1,000,000	**2**	2

During the year ended 31 March 2025, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

11. INCOME TAX EXPENSE

	2025	2024
	HK$'000	HK$'000
The PRC Enterprise Income Tax		
– Current year	**15,925**	8,553
– Under-provision in prior year	**–**	135
	15,925	8,688
Deferred tax (Note 26)	**(4,430)**	(2,191)
	11,495	6,497

11. INCOME TAX EXPENSE (continued)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the year ended 31 March 2025 (2024: Nil).

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during the year ended 31 March 2025 as the Group does not have income which arises in, or derived from, Hong Kong (2024: Nil).

The PRC EIT has been provided at the rate of 25% (2024: 25%) on the taxable profits of the Group's subsidiaries in the PRC, except for one of the subsidiaries operating in the PRC which is a qualified small and micro-sized enterprise under Caishui [2019] No. 13 and is eligible for using EIT rate at 5% (2024: 5%) during the year ended 31 March 2025 and one of the subsidiaries operating in the PRC which was approved to be a high and new technology enterprise ("HNTE"). HNTE is entitled to enjoy a reduced enterprise income tax rate of 15% with a validity period of three years from 1 January 2023 to 31 December 2025.

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 **HK$'000**	2024 HK$'000
Profit before income tax	**84,345**	40,365
Tax at domestic tax rate 25% (2024: 25%)	**21,087**	10,091
Effect of different tax rates applicable to subsidiaries	**(7,970)**	(2,481)
Tax effect of income not taxable for tax purpose	**(15)**	(3)
Tax effect of expenses not deductible for tax purpose	**369**	126
Additional tax deduction for research and development expenditure	**(1,976)**	(1,371)
Under-provision in prior year	**–**	135
Income tax expense	**11,495**	6,497

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

12. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been declared or proposed since the end of the reporting period (2024: Nil).

13. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

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

	2025	2024
Profit		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share (in HK$'000)	**71,652**	32,822
Number of shares		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,091,985,207**	863,982,249

The basic earnings per share for the years ended 31 March 2025 and 2024 have been adjusted to reflect the bonus element in rights issue of shares that took place on 23 August 2024. The basic earnings per share for the year ended 31 March 2025 also considered the shares held for share award scheme purchased in October 2024 and December 2024.

There were no potential ordinary shares in issue for the year ended 31 March 2025 (2024: Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	**Other equipment** HK$'000	**Motor vehicles** HK$'000	**Generator and related equipment** HK$'000 (Note)	**Total** HK$'000
Cost					
At 1 April 2023	3,976	977	2,060	45,574	52,587
Additions	847	266	1,353	–	2,466
Disposal	(472)	(197)	(111)	–	(780)
Exchange realignment	(206)	(51)	(118)	(2,355)	(2,730)
At 31 March 2024 and 1 April 2024	4,145	995	3,184	43,219	51,543
Additions	1,139	173	834	–	2,146
Disposal	(190)	(13)	(131)	–	(334)
Exchange realignment	(9)	(2)	(7)	(21)	(39)
At 31 March 2025	**5,085**	**1,153**	**3,880**	**43,198**	**53,316**
Accumulated depreciation					
At 1 April 2023	2,314	665	1,447	14,427	18,853
Charge for the year (Note 8)	381	96	217	2,091	2,785
Disposal	(417)	(138)	(97)	–	(652)
Exchange realignment	(116)	(34)	(76)	(766)	(992)
At 31 March 2024 and 1 April 2024	2,162	589	1,491	15,752	19,994
Charge for the year (Note 8)	466	185	581	2,085	3,317
Disposal	(168)	(12)	(124)	–	(304)
Exchange realignment	(3)	(2)	(5)	(23)	(33)
At 31 March 2025	**2,457**	**760**	**1,943**	**17,814**	**22,974**
Net carrying amount					
At 31 March 2025	**2,628**	**393**	**1,937**	**25,384**	**30,342**
At 31 March 2024	1,983	406	1,693	27,467	31,549

Note: As at 31 March 2025, a generator with gross carrying amount and net carrying amount of approximately HK$38,135,000 (2024: HK$38,153,000) and HK$22,236,000 (2024: HK$24,078,000) respectively in the PRC is considered as an asset of the Group which has been pledged for the other borrowing from a financial institution as obtained under a sale and leaseback arrangement (Note 25(b)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts for various items including premises, leasehold lands, machinery, motor vehicles and other equipment for its operations. Leases of leasehold lands and premises are with lease periods of 2 to 50 years (2024: 9 to 50 years), either by lump sum payments made upfront or corresponding lease liabilities recognised.

Machinery, motor vehicles and other equipment generally have lease terms of 12 months or less and/or is individually of low value, as such the lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	**Premises**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2023	4,875	–	4,875
Depreciation charge (Note 8)	(423)	–	(423)
Exchange realignment	(248)	–	(248)
At 31 March 2024 and 1 April 2024	4,204	–	4,204
Addition	–	964	964
Disposal (Note)	(1,521)	–	(1,521)
Depreciation charge (Note 8)	(422)	(251)	(673)
Exchange realignment	12	(5)	7
At 31 March 2025	**2,273**	**708**	**2,981**

Note: During the year ended 31 March 2022, the Group acquired the land use rights of two pieces of land from certain independent third parties (the "Lessor") at a total consideration of RMB3,100,000 (approximate to HK$3,767,000) which was fully paid by cash, with the leasing period up to the year of ranging from 2030 to 2032 (the "Land"). During the year ended 31 March 2025, the Group transferred certain of the Land (the "Transferred Land") to an independent third party (the "New Lessee") due to the suspension of the construction of power station at a consideration of RMB1,481,000 (approximate to HK$1,617,000). The net carrying amount of the Transferred Land at the date of transfer was approximately HK$1,521,000, resulting in a gain on disposal of right-of-use assets amounted to approximately HK$96,000 recorded in the profit or loss.

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as a lessee (continued)

The amounts recognised in consolidated profit or loss in relation to leases are as follows:

	2025 **HK$'000**	2024 HK$'000
Interest expenses on lease liabilities (Note 7)	**134**	122
Depreciation of right-of-use assets (per above)	**673**	423
Expense relating to short-term leases (Note 8)	**4,074**	2,111
Total amount recognised in consolidated profit or loss	**4,881**	2,656

The amounts included in consolidated statements of cash flows comprise the followings:

	2025 **HK$'000**	2024 HK$'000
Within financing cash flows – fixed payments	**386**	261
Within operating cash flows – expenses relating to short-term leases	**4,074**	2,111
Total cash outflows of leases	**4,460**	2,372

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as a lessee (continued)

Lease liabilities

	31 March 2025		31 March 2024	
	Present value of the minimum lease payment HK$'000	**Minimum lease payment HK$'000**	Present value of the minimum lease payment HK$'000	Minimum Lease payment HK$'000
Lease liabilities payable:				
– Within one year	**554**	**688**	33	151
– Within a period of more than one year but not exceeding two years	**266**	**382**	34	151
– Within a period of more than two years but not exceeding five years	**148**	**476**	140	477
– Over five years	**1,753**	**2,786**	1,806	2,947
	2,721	**4,332**	2,013	3,726
Less: Future finance charges		**(1,611)**		(1,713)
Present value of lease liabilities		**2,721**		2,013
Analysed into:				
Current portion		**554**		33
Non-current portion		**2,167**		1,980
		2,721		2,013

The weighted average incremental borrowing rates applied to lease liabilities range from 3.35% to 5.9% (2024: 5.9%) per annum. All leases are entered at fixed price.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

16. INTANGIBLE ASSETS

	Patent (Note) HK$'000	Computer software HK$'000	Total HK$'000
Cost			
At 1 April 2023	8,234	1,234	9,468
Exchange realignment	(425)	(64)	(489)
At 31 March 2024 and 1 April 2024	7,809	1,170	8,979
Addition	–	65	65
Exchange realignment	(4)	(1)	(5)
At 31 March 2025	**7,805**	**1,234**	**9,039**
Accumulated amortisation			
At 1 April 2023	4,459	1,234	5,693
Charge for the year (Note 8)	774	–	774
Exchange realignment	(237)	(64)	(301)
At 31 March 2024 and 1 April 2024	4,996	1,170	6,166
Charge for the year (Note 8)	773	10	783
Exchange realignment	(8)	(1)	(9)
At 31 March 2025	**5,761**	**1,179**	**6,940**
Net carrying amount			
At 31 March 2025	**2,044**	**55**	**2,099**
At 31 March 2024	2,813	–	2,813

Note: The patent of the Group relates to development costs for development activities carried out by Tonking New Energy Technology (Shanghai) Co., Ltd., an indirectly wholly owned subsidiary of the Company, and incurred between July 2017 and December 2017, for which the Group successfully obtained the patent in relation to photovoltaic tracking mounting bracket systems. The validity period of this patent is 10 years, and the Group has amortised it using the straight-line method during this validity period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

17. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	**11,024**	19,375

18. TRADE AND BILLS RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables, gross	**272,133**	271,728
Less: Provision for credit loss allowances on trade receivables	**(32,084)**	(19,394)
Trade receivables, net	**240,049**	252,334
Bills receivables	**51,265**	22,264
Total trade and bills receivables, net	**291,314**	274,598

As at 1 April 2023, gross trade receivables from contracts with customers amounted to approximately HK$176,054,000.

The Group granted credit periods from 30 to 180 days (2024: 30 to 90 days) to customers for sales of the patented photovoltaic tracking mounting bracket systems and provision of one-stop value added solution for photovoltaic power stations, while no credit period was granted to the state-owned grid companies in relation to sales of electricity (2024: Nil). The Group does not hold any collateral in relation to these receivables.

Included in the Group's trade receivables were tariff subsidy receivables amounting to approximately Renminbi ("RMB")15,033,000 (equivalent to approximately HK$16,290,000) (2024: RMB13,312,000 (equivalent to approximately HK$14,432,000)) which represented the government subsidies on renewable energy projects to be received from the state-owned grid companies. The tariff subsidy receivables will be settled upon the Ministry of Finance's (the "MoF") allocation of the national renewable energy fund to the state-owned grid companies. The MoF does not set out a rigid timetable for the settlement of tariff subsidy receivables. In the opinion of the directors, given the collection of tariff subsidy receivables is well supported by the government policy, all tariff subsidy receivables were expected to be fully recoverable. As the collection of tariff subsidy receivables is expected in the normal operating cycle, they are classified as current assets. The Group received tariff subsidies of approximately RMB6,107,000 (equivalent to approximately HK$6,665,000) during the year ended 31 March 2025 (2024: RMB6,097,000 (equivalent to approximately HK$6,672,000)).

18. TRADE AND BILLS RECEIVABLES (continued)

Included in trade receivables is an amount of approximately HK$12,639,000 (2024: HK$94,038,000), which was unbilled and has been classified under ‘0–30 days’ in the below ageing analysis. The ageing analysis of trade and bills receivables, net of provision for credit loss allowances, by invoice date at year end is as follows:

	2025 **HK$'000**	2024 HK$'000
0–30 days	**52,184**	103,071
31–90 days	**93,766**	69,296
91–180 days	**69,279**	44,997
181–365 days	**46,342**	18,766
Over 365 days	**29,743**	38,468
	291,314	274,598

The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

As at 31 March 2025, included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of approximately HK$130,789,000 (2024: HK$136,544,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$45,543,000 (2024: HK$56,784,000) has been past due 90 days or more and is not considered as in default due to having on-going relationship and no default repayment record from these customers. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

18. TRADE AND BILLS RECEIVABLES (continued)

The movements of provision for credit loss allowances on trade receivables are as follows:

	Lifetime ECL – not credit impaired HK$'000	Lifetime ECL – credit impaired HK$'000	Total HK$'000
At 1 April 2023	947	8,281	9,228
Provision for impairment losses	10,541	202	10,743
Transfer	(4,554)	4,554	–
Exchange realignment	(55)	(522)	(577)
At 31 March 2024 and 1 April 2024	6,879	12,515	19,394
Provision for impairment losses	10,564	2,228	12,792
Transfer	(5,955)	5,955	–
Exchange realignment	(33)	(69)	(102)
At 31 March 2025	**11,455**	**20,629**	**32,084**

An impairment analysis is performed at each reporting date using the probability of default approach to measure ECLs. The probabilities of default rates are estimated based on international credit rating agency's global default rate by industry group. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward- looking credit risk information. Details are disclosed in Note 36.

18. TRADE AND BILLS RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
At 31 March 2025				
Not credit-impaired item	**5.5%**	**207,494**	**(11,455)**	**196,039**
Credit-impaired item	**31.9%**	**64,639**	**(20,629)**	**44,010**
Total		**272,133**	**(32,084)**	**240,049**
At 31 March 2024				
Not credit-impaired item	2.9%	234,119	(6,879)	227,240
Credit-impaired item	33.3%	37,609	(12,515)	25,094
Total		271,728	(19,394)	252,334

As at 31 March 2025, the Group endorsed certain bills receivables accepted by certain banks in the PRC (the "Endorsed Notes") to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. In accordance with the "Law of Negotiable Instruments" in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement").

The total principal amount of the Endorsed Notes of the Group as at 31 March 2025 was approximately HK$62,501,000 (2024: HK$62,990,000). In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of certain Endorsed Notes accepted by large and reputable banks (the "Derecognised Notes") with the principal amount of approximately HK$40,649,000 (2024: HK$49,535,000). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables.

The maximum exposure to loss from the Group's Continuing Involvement in these Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their principal amount. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables of approximately HK$21,852,000 (2024: HK$13,455,000), because the directors of the Company believe that the Group has retained substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

18. TRADE AND BILLS RECEIVABLES (continued)

The Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement during the year. The Endorsement has been made evenly during the year.

As at 31 March 2025, no bills receivables (2024: HK$7,453,000) were pledged to the bank as securities for bills payables (Note 23).

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Prepayments	**1,586**	4,533
Prepayments to suppliers for purchase of materials	**13,724**	42,650
Deposits paid for tendering	**3,854**	5,223
	19,164	52,406
Other receivables, gross (Note)	**90,629**	43,308
Less: Provision for credit loss allowances on other receivables	**(6,993)**	(3,046)
Other receivables, net	**83,636**	40,262
	102,800	92,668

Note: As at 31 March 2025, other receivables included advances made to certain potential customers of the Group's amounting to RMB72,500,000 (equivalent to approximately HK$78,563,000) (2024: RMB27,600,000 (equivalent to approximately HK$29,922,000)) for their initial capital injection or deposit paid for the projects to be developed. The Group will recover these advances from the potential customers when the projects are approved and proceeded, or refunds will be made by respective parties to the Group if the projects do not proceed. During the year ended 31 March 2025, the Group received settlements amounting to RMB27,600,000 (equivalent to approximately HK$29,922,000) in respect of these advances. In the opinion of the directors of the Company, these advances would be recovered in the next twelve months from the date of approval of these consolidated financial statements. As at 31 March 2025, provision for credit loss allowances on these advances was approximately RMB2,069,000 (equivalent to approximately HK$2,243,000) (2024: RMB219,000 (equivalent to approximately HK$237,000)).

Included in other receivables amounted to approximately RMB6,065,000 (equivalent to approximately HK$6,573,000) (2024: RMB6,065,000 (equivalent to approximately HK$6,576,000)) were trade receivables from an original trade debtor who has assigned the gross balance of trade receivables amounted to approximately RMB6,065,000 to its fellow subsidiary (the "New Debtor") during the year ended 31 March 2022. The New Debtor agreed to transfer two commercial units located in the PRC to the Group for the settlement of these balances. The Group has not yet completed the transfer of those properties up to the date of approval of these consolidated financial statements. As at 31 March 2025, provision for credit loss allowances on these receivables were approximately RMB4,018,000 (equivalent to approximately HK$4,354,000 (2024: RMB2,033,000 (equivalent to approximately HK$2,204,000)).

As at 31 March 2025 and 2024, all other receivables were non-interest bearing.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The movements of provision for credit loss allowances on other receivables are as follows:

	12- month ECL	**Lifetime ECL – not credit-impaired**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2023	326	1,687	2,013
(Reversal of)/provision for impairment losses	(122)	1,270	1,148
Exchange realignment	638	(753)	(115)
At 31 March 2024 and 1 April 2024	842	2,204	3,046
Provision for impairment losses	1,810	2,167	3,977
Exchange realignment	(13)	(17)	(30)
At 31 March 2025	**2,639**	**4,354**	**6,993**

Set out below is the information about the credit risk exposure on the Group's other receivables:

	Expected loss rate	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
	%	HK$'000	HK$'000	HK$'000
At 31 March 2025				
Not credit-impaired item	**3.1%**	**84,056**	**(2,639)**	**81,417**
Credit-impaired item	**66.2%**	**6,573**	**(4,354)**	**2,219**
Total		**90,629**	**(6,993)**	**83,636**
At 31 March 2024				
Not credit-impaired item	2.3%	36,732	(842)	35,890
Credit-impaired item	33.5%	6,576	(2,204)	4,372
Total		43,308	(3,046)	40,262

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	2025 HK$'000	2024 HK$'000
Contract assets	**239,163**	130,440
Less: provision for credit loss allowances on contract assets	**(12,968)**	(5,543)
	226,195	124,897

As at 1 April 2023, the gross amount and net amount of contract assets of the Group amounted to approximately HK$128,463,000 and HK$126,672,000 (net of loss allowance) respectively.

The Group has rights to considerations from customers for provision of one-stop value added solution for photovoltaic power stations. Contract assets arise when the Group has right to consideration for completion of the provision of one-stop value added solution for photovoltaic power stations and not yet billed, representing the unbilled amounts when the revenue recognised exceeds the amounts billed to customers, and the right is conditional on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivable when such right becomes unconditional (i.e. when the work is accepted by the customers and the billings are issued).

The Group and its customers also agreed to retain retention monies of 3% to 10% of the invoiced sum in the sales of the patented photovoltaic tracking mounting bracket systems and provision of one-stop value added solution for photovoltaic power stations to ensure the Group undertakes responsibility of defects in the warranty period, which are 12 to 60 months (2024: 12 to 60 months) after final acceptance by the customers.

As at 31 March 2025, contract assets comprise of (1) the Group's right to consideration for work completed from provision of one-stop value added solution for photovoltaic power stations but not yet billed of gross carrying amount of approximately HK$155,596,000 (2024: HK$53,101,000), and net carrying amount of approximately HK$149,418,000 (2024: HK$48,516,000) after credit loss allowances of approximately HK$6,178,000 (2024: HK$4,585,000); and (2) the retention receivables of gross carrying amount of approximately HK$83,567,000 (2024: HK$77,339,000), and net carrying amount of approximately HK$76,777,000 (2024: HK$76,381,000) after credit loss allowances of approximately HK$6,790,000 (2024: HK$958,000). Contract assets are transferred to trade receivables when the rights become unconditional.

The increase in gross carrying amounts of contract assets as at 31 March 2025 was the result of increase in the revenue from provision for one-stop value added solution for photovoltaic power stations but not yet billed, and increase in retention money receivables not yet fulfill the retention requirements and expiry of retention period as stated in relevant contracts.

The Group classifies these contract assets under current assets because the Group expects to realise them in its normal operating cycle.

20. CONTRACT ASSETS AND CONTRACT LIABILITIES (continued)

Contract assets (continued)

The expected timing of recovery or settlement for contract assets as at each of the reporting period is as follows:

	2025 **HK$'000**	2024 HK$'000
Recovery within one year	**205,661**	104,630
Recovery after one year	**20,534**	20,267
	226,195	124,897

The movements of provision for credit loss allowances on contract assets are as follows:

	Lifetime ECL – not credit impaired HK$'000	**Lifetime ECL – credit impaired** HK$'000	**Total** HK$'000
At 1 April 2023	1,718	73	1,791
Provision for impairment losses	135	3,746	3,881
Exchange realignment	(105)	(24)	(129)
At 31 March 2024 and 1 April 2024	1,748	3,795	5,543
Provision for impairment losses	6,422	1,060	7,482
Exchange realignment	(45)	(12)	(57)
At 31 March 2025	**8,125**	**4,843**	**12,968**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

20. CONTRACT ASSETS AND CONTRACT LIABILITIES (continued)

Contract assets (continued)

Set out below is the information about the credit risk exposure on the Group's contract assets:

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
At 31 March 2025				
Not credit-impaired item	**3.6%**	**229,079**	**(8,125)**	**220,954**
Credit-impaired item	**48.0%**	**10,084**	**(4,843)**	**5,241**
Total		**239,163**	**(12,968)**	**226,195**
At 31 March 2024				
Not credit-impaired item	1.4%	125,010	(1,748)	123,262
Credit-impaired item	69.9%	5,430	(3,795)	1,635
Total		130,440	(5,543)	124,897

An impairment analysis is performed at each reporting date using the probability of default approach to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The probabilities of default rates are estimated based on international credit rating agency's global default rate by industry group. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information.

Contract liabilities

	2025 HK$'000	2024 HK$'000
Advances received from customers	**23,031**	27,305

As at 1 April 2023, contract liabilities amounted to approximately HK$14,635,000.

The Group receives payments from customers based on the billing schedule as established in sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly for sales of the patented photovoltaic tracking mounting bracket systems.

20. CONTRACT ASSETS AND CONTRACT LIABILITIES (continued)

Contract liabilities (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	**27,305**	14,635

21. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Maximum amount outstanding during the year HK$'000	**2025 HK$'000**	2024 HK$'000
Amounts due from related parties			
宜城市同景新能源有限公司 (note i)	**52**	**–**	52
常山縣同景新能源有限公司 (note i)	**72**	**–**	–
龍遊縣同景新能源有限公司 (note i)	**3**	**–**	–
浙江同景新能源集團有限公司 (note i)	**35**	**–**	–
江山市輝宏新能源有限公司 (note i)	**11,156**	**4,899**	–
浙江星菜農業科技有限公司 (note i)	**233**	**163**	156
衢州市同景新能源有限公司 (note i)	**84**	**3**	6
江西奥普照明有限公司 (note i)	**587**	**542**	587
		5,607	801
Amounts due to related parties			
Rise Triumph Limited (note ii)		**(7,000)**	(11,000)
浙江同景新能源集團有限公司 (note i)		**(476)**	(477)
		(7,476)	(11,477)

Notes:

(i) Mr. Wu, an executive director of the Company, is the controlling shareholder and one of the beneficial owners of these related parties.

(ii) During the year ended 31 March 2025, Rise Triumph Limited acquired certain shares of the Company via a conditional cash offer and resulted in its equity interest held over the Company increased from 27.43% to 60.26%.

Amounts due from/(to) related parties are unsecured, interest-fee and repayable on demand.

Amounts due from related parties related to receivables for which there was no recent history of default. No credit loss allowance is provided as the amount of ECL is insignificant for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

22. RESTRICTED/PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2025	2024
	HK$'000	HK$'000
Restricted/pledged bank deposits	**44,084**	48,959
Cash and cash equivalents	**80,672**	44,318
	124,756	93,277
Restricted/pledged bank deposits and cash and cash equivalents denominated in:		
HK$	**4,216**	1,096
RMB	**120,209**	91,161
United States dollars ("US$")	**331**	1,020
	124,756	93,277

Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

Restricted/pledged bank deposits as at 31 March 2025 included approximately HK$2,314,000 (2024: HK$48,000,000) of cash deposits placed to certain banks in relation to certain sales contracts for performance guarantee, and approximately HK$41,770,000 (2024: HK$959,000) of cash deposits as securities for bills payables (Note 23).

As at 31 March 2025, there was approximately HK$120,209,000 (2024: HK$91,161,000) denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

23. TRADE AND BILLS PAYABLES

	2025	2024
	HK$'000	HK$'000
Trade payables	**192,750**	172,505
Bills payables	**41,770**	7,924
	234,520	180,429

23. TRADE AND BILLS PAYABLES (continued)

Included in trade payable is an amount of approximately HK$20,454,000 (2024: HK$35,128,000), which was unbilled and has been classified under '0–30 days' in the below ageing analysis. An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK$'000	2024 HK$'000
0–30 days	**93,008**	108,926
31–90 days	**94,246**	33,074
91–180 days	**42,182**	22,320
181–365 days	**3,358**	10,987
Over 365 days	**1,726**	5,122
	234,520	180,429

The trade payables are non-interest-bearing and generally have payment terms of 30 to 90 days (2024: 30 to 90 days).

At 31 March 2025, bills payables of approximately HK$41,770,000 (2024: HK$7,924,000), were secured by pledged bank deposits (Note 22) (2024: certain pledged bank deposits and bills receivables as disclosed in Notes 22 and 18 respectively).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

24. OTHER PAYABLES AND ACCRUALS AND MATURED PROMISSORY NOTE

	2025 HK$'000	2024 HK$'000
Other payables (Note a)	**11,399**	6,224
Accrued payroll	**4,147**	1,862
Other tax payables	**713**	759
	16,259	8,845
Matured promissory note (Note b)	**48,984**	47,544

Notes:

(a) As at 31 March 2025, other payables mainly included deposits received from customers amounted to approximately HK$3,082,000 (2024: HK$2,500,000). All other payables are non-interest-bearing.

(b) On 9 September 2015, Glory Kind Development Limited ("Glory Kind"), a former subsidiary of the Company, issued promissory note with a principal amount of HK$36,000,000, which was secured by a charge on all the issued shares of Glory Kind, bore interest at 4% per annum on the principal amount and had a maturity period of 2 years from the date of issue. On 29 September 2017, the Company had entered into a sale and purchase agreement to dispose of the entire share capital of Glory Kind, at the same time, Glory Kind shall transfer and novate to the Company the payment obligations of the promissory note pursuant to the deed of novation (the "Novation"). Glory Kind had agreed with the promissory note holder, being a company incorporated in the BVI, (the "Noteholder") to extend the promissory note several times and the Novation became effective from 21 September 2018. The disposal of Glory Kind was completed on 19 December 2018.

The promissory note was overdue as at 31 March 2025 and 2024. The matured promissory note is unsecured and bears interest at 4% per annum on the principal amount. During the years ended 31 March 2025 and 2024, the management of the Company had tried to contact the Noteholder but in vain, and it was found that the Noteholder has been struck off from the BVI Government Register with effect from May 2022, which will then be automatically dissolved after a seven-year strike-off period. With effect from 1 January 2024, under the new amendments to BVI company legislation, a BVI company that gets struck off prior to 1 January 2024 may apply to be restored before the earlier of (i) the end of the seven-year strike-off period and (ii) 1 July 2024. The Noteholder has been dissolved since 4 July 2024. However, it could be restored by a court application made by certain persons defined under the BVI company legislation not more than 5 years after the date of dissolution. Based on the legal advice from the lawyer in Hong Kong, the management of the Company considered the Group is still liable for the obligation of the matured promissory note as at 31 March 2025 under the current Laws of Hong Kong.

25. BANK AND OTHER BORROWINGS

	2025 HK$'000	2024 HK$'000
Bank borrowings, secured (a)	**75,475**	75,781
Borrowings from a financial institution (b)	**18,883**	21,124
	94,358	96,905
The carrying amounts of the bank borrowings are repayable:		
– Within one year	**32,455**	32,524
– Within a period of more than one year but not exceeding two years	**43,020**	–
– Within a period of more than two years but not exceeding five years	**–**	43,257
	75,475	75,781
The carrying amounts of other borrowings from a financial institution are repayable:		
– Within one year	**2,227**	2,232
– Within a period of more than one year but not exceeding two years	**16,656**	2,228
– Within a period of more than two years but not exceeding five years	**–**	16,664
	18,883	21,124
Analysed into:		
Current portion	**34,682**	34,756
Non-current portion	**59,676**	62,149
	94,358	96,905

Notes:

(a) As at 31 March 2025, secured bank borrowings consisted of five (2024: six) bank borrowings from certain commercial banks in the PRC:

(i) A bank borrowing with principal amount of RMB10,000,000 (equivalent to approximately HK$10,836,000) (2024: RMB10,000,000 (equivalent to approximately HK$10,841,000)), bearing a fixed interest rate at 2.9% (2024: 3.4%) per annum and repayable in March 2026 (2024: March 2025).

(ii) A bank borrowing with principal amount of RMB9,950,000 (equivalent to approximately HK$10,782,000) (2024: RMB6,000,000 (equivalent to approximately HK$6,505,000)), bearing a fixed interest rate at 2.9% (2024:3.65%) per annum and repayable in September 2025 (2024: September 2024).

(iii) A bank borrowing with principal amount of RMB10,000,000 (equivalent to approximately HK$10,836,000 (2024: RMB10,000,000 (equivalent to approximately HK$10,841,000)), bearing a fixed interest rate at 3.45% (2024: Nil) per annum and repayable in January 2026 (2024: January 2025).

(iv) A bank borrowing with principal amount of RMB29,700,000 (equivalent to approximately HK$32,185,000) (2024: RMB30,000,000 (equivalent to approximately HK$32,416,000)), bearing a fixed interest rate at 3.15% (2024: 3.25%) per annum and repayable in September 2026 (2024: September 2026).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

25. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(a) (continued)

(v) A bank borrowing with principal amount of RMB10,000,000 (equivalent to approximately HK$10,836,000) (2024: RMB10,000,000 (equivalent to approximately HK$10,841,000)), bearing a fixed interest rate at 3.2% (2024: 3.81%) per annum and repayable in June 2026 (2024: June 2026).

(vi) As at 31 March 2024, a bank borrowing with principal amount of RMB4,000,000 (equivalent to approximately HK$4,337,000), bearing fixed interest at a rate at 3.65% per annum and repaid in September 2024 on its repayment date.

As at 31 March 2025 and 2024, all bank borrowings were guaranteed by the related parties of the Group, namely Zhe Jiang Tonking New Energy Group Limited and Quzhou Oster Lighting Co., Ltd. (Mr. Wu, an executive director of the Company, is the controlling shareholder and one of the beneficial owners of these related parties), and an executive director of the Company, Mr. Wu. The bank borrowings with principal amount of RMB20,000,000 were guaranteed by the spouse of Mr. Wu. The bank borrowing with principal amount of RMB29,700,000 was secured by certain properties of Quzhou Oster Lighting Co., Ltd. The bank borrowing with principal amount of RMB10,000,000 was secured by certain properties of Zhejiang Star Vegetable Agriculture and Technology Co., Ltd (Mr. Wu, an executive director of the Company, is the controlling shareholder and one of the beneficial owners of this related party).

(b) On 12 October 2023, the Group has entered into a sale and leaseback agreement with a financial institution in the PRC. The Group transferred the ownership of a generator with net carrying amount of RMB22,209,000 (equivalent to approximately HK$24,230,000) at the material time to the financial institution and leased it back from the financial institution for its business operations for a term of three years. At the end of the lease term, the Group can purchase back the related assets at a minimal consideration. Taking into consideration all relevant facts and circumstances, the directors of the Company consider that the transfer of the generator to the financial institution does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the generator. Hence the Group considers that the substance of the entire arrangement is the drawdown of a secured borrowing of RMB20,000,000 (equivalent to approximately HK$21,683,000) from the financial institution. Therefore, the generator continues to be recognised as property, plant and equipment of the Group with net carrying amount of approximately HK$22,236,000 as at 31 March 2025 (2024: HK$24,078,000) and the transfer proceeds of RMB20,000,000 is accounted for as a financial liability. During the year ended 31 March 2025, the effective interest of the secured borrowing has changed from 4.5% to 3.9% per annum.

26. DEFERRED TAX ASSETS

The followings are the major deferred tax assets recognised and movements thereon during the year:

	Credit loss allowance HK$'000	Lease liabilities HK$'000	Right-of-use assets HK$'000	Tax loss HK$'000	Total HK$'000
At 1 April 2023	3,057	539	(539)	–	3,057
Credited/(charged) to consolidated profit or loss (Note 11)	2,122	(8)	77	–	2,191
Exchange realignment	(177)	(28)	28	–	(177)
At 31 March 2024 and 1 April 2024	**5,002**	**503**	**(434)**	**–**	**5,071**
Credited/(charged) to consolidated profit or loss (Note 11)	**3,753**	**179**	**(158)**	**656**	**4,430**
Exchange realignment	**(28)**	**(2)**	**1**	**(5)**	**(34)**
At 31 March 2025	**8,727**	**680**	**(591)**	**651**	**9,467**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB229,826,000 (equivalent to approximately HK$260,662,000) (2024: RMB167,384,000 (equivalent to approximately HK$192,502,000)) as at 31 March 2025, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

As at 31 March 2025, the Group has unused tax losses of approximately RMB2,402,000 (equivalent to approximately HK$2,603,000) (2024: Nil) available for offsetting against future taxable profits of the operating subsidiaries in the PRC. Based on the business plans of the Group, it is expected that the operating subsidiaries in the PRC will generate sufficient future profits to utilise these tax losses. Deferred tax assets in respect of the cumulative tax losses of approximately HK$651,000 (2024: Nil) was provided as at 31 March 2025. The tax losses will expire after 5 years from the year in which the losses were incurred.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

27. SHARE CAPITAL

Ordinary shares of HK$0.01 each	Number of ordinary share	Share capital HK$'000
Authorised		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	2,000,000,000	20,000
Issued and fully paid		
At 1 April 2023, 31 March 2024 and 1 April 2024	818,000,000	8,180
Share issued upon completion of Rights Issue (Note)	409,000,000	4,090
At 31 March 2025	1,227,000,000	12,270

Note: On 2 July 2024, the Company proposed to raise gross proceeds of up to approximately HK$40.9 million by way of the issue of a maximum of 409,000,000 rights shares, at the subscription price of HK$0.1 per rights share on the basis of one (1) rights share for every two (2) existing shares held on 23 August 2024. Accordingly, the gross proceeds raised from the Rights Issue were approximately HK$40.9 million and the net proceeds (after deducting all relevant expenses) from the Rights Issue were approximately HK$39.8 million, and amounts of HK$4,090,000 and HK$35,710,000 are credited to the Company's equity under share capital and share premium respectively.

During the year ended 31 March 2025, the Company's board of directors approved the appointment of Well Mount Holdings Limited as the trustee to purchase its own ordinary shares as follows through The Stock Exchange of Hong Kong Limited for the Share Award Scheme adopted by the Company in September 2024 (Note 29):

Month of purchases	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
October 2024	60,000,000	0.110	0.113	6,687
December 2024	2,075,000	0.143	0.150	311
	62,075,000			6,998

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of these consolidated financial statements.

(i) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

(ii) Statutory reserves

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of their respective after-tax profit, calculated in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that the fund is maintained at a minimum level of 25% of the registered capital.

(iii) Exchange fluctuation reserves

The exchange fluctuation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserves are dealt with in accordance with the accounting policies set out in Note 3 to the consolidated financial statements.

29. SHARE-BASED PAYMENT TRANSACTION

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 2 November 2013 so as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

The Scheme expired on 1 November 2023. No share options were granted since the adoption of the Scheme and there were no share options outstanding as at 31 March 2024.

The Company adopted share award scheme on 24 September 2024 (the "Share Award Scheme"). The purposes of the Share Award Scheme are to provide incentives to eligible participants, which includes: (i) any full-time employees of any member company of the Group, including but not limited to directors, senior management of the Group, key operating team members and employees; and (ii) service providers (person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers)) and reward their contributions; to retain eligible participants to serve the Group for continuous operation and development of the Group; and to attract suitable professional and experienced talents for further development of the Group. The Share Award Scheme shall remain valid and effective for a period of 10 years from the Adoption Date (the "Scheme Period"). Upon termination of the Share Award Scheme, no further award shares shall be granted. The provision of the Share Award Scheme shall in all other respects remain in full force and effect and the awards granted during the term of Share Award Scheme may continue to be valid and exercisable in accordance with their respective terms of award.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

29. SHARE-BASED PAYMENT TRANSACTION (continued)

The Board has the authority and is responsible for the administration of the Share Award Scheme in accordance with the scheme rules and, where applicable, the trust deed. The decision of the board of directors or its authorised person(s) is final and binding on all persons involved. Without prejudice to any limitations of the scheme rules, on the adoption date the Share Award Scheme may delegate to the management committee the power to administer the Share Award Scheme (including the power to grant award under the Share Award Scheme). The board of directors shall have the sole and absolute right to, among others, interpret and construe the provisions of the Share Award Scheme and determine the selected participants who will be granted awards under the Share Award Scheme, the terms and conditions on which awards are granted and when the awards granted pursuant to the Share Award Scheme may vest. The trust is established to serve the Share Award Scheme. According to the relevant provisions of the trust deed and in accordance with the instruction of the Company, funds transferred by the Company to the trust for purchase of existing Shares on the market will be not less than HK$5,000,000. The maximum number of Award Shares under the Share Award Scheme shall be the maximum number of shares to be purchased by the trustee on the market from time to time at the prevailing market price with funds of not less than HK$5,000,000 (the "Scheme Cap"). At no time the maximum number of shares which may be awarded or the total number of shares held by the trustee exceed 10% of the issued share capital of the Company as at the adoption date (i.e. 122,700,000 Shares). The maximum number of award shares which may be awarded to service providers shall not in aggregate exceed the sublimit of 5% of the issued share capital of the Company as at the adoption date (i.e. 61,350,000 Shares). The maximum number of award shares or any share awards or share options which may be granted to a selected participant under the Share Award Scheme, or any other share scheme of the Company, in any twelve-month period shall not exceed 1% of the issued share capital of the Company from time to time.

As at 31 March 2025 and up to the date of this report, no award had been granted under the Share Award Scheme.

30. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest and voting rights held by non-controlling interests:		
Jin Zhai Xian Tong Jing New Energy Limited	**40%**	40%

	2025 HK$'000	2024 HK$'000
Profit for the year allocated to non-controlling interests:		
Jin Zhai Xian Tong Jing New Energy Limited	**1,198**	1,046
Accumulated balances of non-controlling interests at the reporting date:		
Jin Zhai Xian Tong Jing New Energy Limited	**18,604**	18,420

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Jin Zhai Xian Tong Jing New Energy Limited

	2025 HK$'000	2024 HK$'000
Revenue	**6,144**	5,890
Profit for the year	**2,996**	2,614
Other comprehensive loss for the year	**(25)**	(2,515)
Total comprehensive income for the year	**2,971**	99
Dividend declared and paid	**(2,510)**	(2,736)
Dividend paid to NCI	**(1,004)**	(1,094)
Non-current assets	**24,184**	26,057
Current assets	**43,767**	43,760
Current liabilities	**(2,839)**	(2,895)
Non-current liabilities	**(18,600)**	(20,872)
	46,512	46,050
Net cash flows generated from operating activities	**555**	685
Net cash flows used in financing activities	**(32)**	(141)
Net increase in cash and cash equivalents	**523**	544

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

31. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ establishment and business	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company 2025	Percentage of equity attributable to the Company 2024	Principal activities
Directly held:					
Elite Sheen Holdings Limited	The BVI	Authorised: US$1,000 Paid-up capital: US$1	**100%**	100%	Investment holding
Indirectly held:					
Tonking New Energy Group Co., Limited	Hong Kong	Paid-up capital: HK$1	**100%**	100%	Investment holding
Tonking New Energy Technology (Shanghai) Limited[#1] 同景新能源科技(上海)有限公司	The PRC	Registered: HK$633,820,000 Paid-up capital: RMB119,939,383 (equivalent to approximately HK$140,412,000) (2024: RMB100,146,163 (equivalent to approximately HK$118,512,000)) (Note a)	**100%**	100%	Research and development of solar power technology, the EPC business and sale of photovoltaic mounting and tracking system materials
Tonking New Energy Technology (Jiangshan) Limited[#2] 同景新能源科技(江山)有限公司	The PRC	Registered: RMB139,800,000 (2024: RMB620,000,000) Paid-up capital: RMB139,800,000 (2024: RMB120,000,000) (Note a)	**100%**	100%	Research and development of solar power technology, the EPC business and sale of photovoltaic mounting and tracking system materials
Jin Zhai Xian Tong Jing New Energy Limited[#2] 金寨縣同景新能源有限公司	The PRC	Registered and paid-up capital: RMB40,000,000	**60%**	60%	Research and development of solar power technology, sale of photovoltaic mounting and tracking system materials and sale of electricity
Lin Yi Shi New Energy Limited[#2] 臨沂市同景新能源有限公司	The PRC	Registered: RMB5,600,000 Paid-up capital: RMB5,600,000 (Note a)	**100%**	100%	Sale of electricity
Hechi City Yizhou Longju Farming and Breeding Farmers Professional Cooperative[#] 河池市宜州龍琚種養農民專業合作社	The PRC	Registered: RMBNil Paid-up capital: Nil (Note a)	**99.8%**	99.8%	Inactive

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

31. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and business	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company 2025	2024	Principal activities
Tonking New Material (Gansu) Co., Limited#2 同景新材料(甘肅)有限公司 (Note b)	The PRC	Registered: RMB5,000,000 Paid-up capital: RMB10,000	–	100%	Research and development of solar power technology, sale of photovoltaic mounting and tracking system materials and sale of electricity
Zhejiang Shunyang New Energy Technology Co., Ltd.#2 浙江順陽新能源科技有限公司	The PRC	Registered: RMB6,000,000 Paid-up capital: RMB: Nil (Note a)	**100%**	100%	Inactive
Zhejiang Shunchen New Energy Co., Ltd.#2 浙江順辰新能源有限公司	The PRC	Registered: RMB6,000,000 Paid-up capital: RMB: Nil (Note a)	**100%**	100%	Inactive
Baise Jingshun New Energy Technology Co., Ltd.#2 百色景順新能源科技有限公司	The PRC	Registered: RMB2,000,000 Paid-up capital: RMB: Nil (Note a)	**100%**	100%	Research and development of solar power technology, sale of photovoltaic mounting and tracking system materials and sale of electricity
Shanxi Changzi Tongjing New Energy Co., Ltd.#2 山西長子同景新能源有限公司 (Note c)	The PRC	Registered: RMB2,000,000 Paid-up capital: RMB: Nil (Note a)	**100%**	–	Research and development of solar power technology, sale of photovoltaic mounting and tracking system materials and sale of electricity

\# The English names are for identification purpose only and the official names of the companies are in Chinese.

1 wholly-owned foreign enterprise

2 private limited liability company

Notes:

(a) As at 31 March 2025, certain subsidiaries' registered capital has not been fully paid up and aggregated unpaid share capital comprised of approximately HK$493,408,000 and RMB16,000,000 (equivalent to approximately HK$17,338,000) (2024: HK$515,308,000 and RMB565,590,000 (equivalent to approximately HK$613,179,000)). The unpaid share capitals were not yet due in accordance with article of association of the respective subsidiaries.

(b) On 26 July 2024, the Group entered into an agreement with a third party to dispose of its total equity interest in the subsidiary, at a consideration of RMB10,000.The net asset value of the subsidiary at the disposal date was RMB9,800, resulting a net gain on disposal of RMB200.

(c) The subsidiary was newly incorporated in the PRC on 24 April 2024, no capital injection has been made to this subsidiary.

None of the subsidiaries had issued any debt securities at 31 March 2025 and 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Matured promissory note HK$'000	**Lease liabilities** HK$'000	**Bank and other borrowings** HK$'000
At 1 April 2023	46,104	2,154	50,072
Changes from financing cash flows			
– Proceeds from bank borrowings	–	–	75,781
– Proceeds from other borrowings	–	–	21,683
– Repayments of bank borrowings	–	–	(47,485)
– Repayments of other borrowings	–	–	(559)
– Interest paid on bank borrowings	–	–	(2,491)
– Interest paid on other borrowings	–	–	(441)
– Repayment of lease liabilities – principal	–	(139)	–
– Repayment of lease liabilities – interest	–	(122)	–
Total changes from financing cash flows	–	(261)	46,488
Other changes:			
– Interest expenses (Note 7)	1,440	122	2,932
– Exchange realignment	–	(2)	(2,587)
	1,440	120	345
At 31 March 2024 and 1 April 2024	47,544	2,013	96,905
Changes from financing cash flows			
– Proceeds from bank borrowings	**–**	**–**	**32,691**
– Repayments of bank borrowings	**–**	**–**	**(32,963)**
– Repayments of other borrowings	**–**	**–**	**(2,232)**
– Interest paid on bank borrowings	**–**	**–**	**(2,574)**
– Interest paid on other borrowings	**–**	**–**	**(934)**
– Repayment of lease liabilities – principal	**–**	**(252)**	**–**
– Repayment of lease liabilities – interest	**–**	**(134)**	**–**
Total changes from financing cash flows	**–**	**(386)**	**(6,012)**
Other changes:			
– Addition of new lease	**–**	**964**	**–**
– Interest expenses (Note 7)	**1,440**	**134**	**3,508**
– Exchange realignment	**–**	**(4)**	**(43)**
	1,440	**1,094**	**3,465**
At 31 March 2025	**48,984**	**2,721**	**94,358**

33. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2025, the Group has transferred the Derecognised Notes to suppliers to settle the outstanding balances with the suppliers. Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables of approximately HK$40,649,000 (2024: HK$49,535,000).

34. RELATED PARTY TRANSACTIONS

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

	2025	2024
	HK$'000	HK$'000
江西奧普照明有限公司 (note)		
– sale of photovoltaic mounting bracket	**–**	807
浙江星菜農業科技有限公司 (note)		
– short-term leases expenses paid/payable	**337**	337
江山市友和機械有限公司 (note)		
– short-term leases expenses paid/payable	**–**	238
衢州市同景新能源有限公司 (note)		
– sale of raw materials and preventive test for electric power equipment	**–**	237
浙江同景新能源集團有限公司 (note)		
– short-term leases expenses paid/payable	**457**	191
宜城市同景新能源有限公司 (note)		
– sale of raw materials and preventive test for electric power equipment	**–**	177
常山縣同景新能源有限公司 (note)		
– sale of raw materials and preventive test for electric power equipment	**105**	–

Note: Mr. Wu, an executive director of the Company, is the controlling shareholder and one of the beneficial owners of these related parties

(b) The directors of the Company were considered to be the key management personnel of the Group. The remuneration of the directors of the Company is set out in Note 9.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

35. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 HK$'000	2024 HK$'000
Financial assets		
Bills receivables at fair value through other comprehensive income	**51,265**	22,264
At amortised cost:		
– Trade receivables	**240,049**	252,334
– Other receivables and refundable deposits	**87,490**	45,485
– Amounts due from related parties	**5,607**	801
– Restricted/pledged bank deposits	**44,084**	48,959
– Cash and cash equivalents	**80,672**	44,318
	509,167	414,161
Financial liabilities at amortised cost:		
– Trade and bills payables	**234,520**	180,429
– Other payables and accruals	**15,546**	8,086
– Matured promissory note	**48,984**	47,544
– Amounts due to related parties	**7,476**	11,477
– Bank and other borrowings	**94,358**	96,905
	400,884	344,441

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise trade and bills receivables, other receivables and refundable deposits, amounts due from/(to) related parties, restricted/pledged bank deposits, cash and cash equivalents, trade and bills payables, other payables and accruals, matured promissory note and bank and other borrowings.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposed to bad debts is not significant.

At the end of the reporting period, the Group had certain concentrations of credit risk as 17% (2024: 19%) and 55% (2024: 39%) of the Group's trade receivables and 30% (2024: 12%) and 63% (2024: 23%) of the Group's contract assets were due from the Group's largest customer and five largest customers respectively. The five largest customers are mainly engaged in capital equipment and construction & engineering industries.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for trade and bills receivables, other receivables and refundable deposits, amounts due from related parties, restricted/pledged bank deposits, cash and cash equivalents and contract assets.

Notes to the Consolidated Financial Statements (continued)

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2025

	12-month ECLs	Lifetime ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach (Not credit-impaired)	Simplified approach (Credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and bills receivables	–	–	–	258,759	64,639	323,398
Other receivables and refundable deposits	87,910	6,573	–	–	–	94,483
Amounts due from related parties	5,607	–	–	–	–	5,607
Restricted bank deposits	44,084	–	–	–	–	44,084
Cash and cash equivalents	80,672	–	–	–	–	80,672
Contract assets	-	–	–	229,079	10,084	239,163
	218,273	6,573	–	487,838	74,723	787,407

At 31 March 2024

	12-month ECLs	Lifetime ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach (Not credit-impaired)	Simplified approach (Credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and bills receivables	–	–	–	256,383	37,609	293,992
Other receivables and refundable deposits	41,955	6,576	–	–	–	48,531
Amounts due from related parties	801	–	–	–	–	801
Restricted bank deposits	48,959	–	–	–	–	48,959
Cash and cash equivalents	44,318	–	–	–	–	44,318
Contract assets	–	–	–	125,010	5,430	130,440
	136,033	6,576	–	381,393	43,039	567,041

The directors of the Company consider that the ECL for amounts due from related parties are insignificant.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

The Group's bills receivables at fair value through other comprehensive income are issued by banks with high credit ratings and therefore are considered to be low credit risk. During the year, the directors of the Company consider that ECL on bills receivables at fair value through other comprehensive income was insignificant.

The credit risk on bank balances is also limited because the Group's bank balances are all deposited with major creditworthy banks located in Hong Kong and the PRC.

Trade and other receivables and contract assets

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance on trade receivables and contract assets at lifetime ECL, and the loss allowance on other receivables at a 12-month ECL (if there had been no significant increase in credit risk since initial recognition) or a lifetime ECL (if there had been significant increase in credit risk since initial recognition).

The contract assets relate to unbilled products and works delivered and rendered and retention receivables which have substantially the same risk characteristics as the trade receivables for the same types of contracts. The directors of the Company have therefore concluded the ECL rates for trade receivables are a reasonable approximate of the loss rates for contract assets.

The trade receivables and contract assets are assessed for impairment individually. The estimated ECL loss rates are estimated based on the default rates from international credit rating agencies for various industries of debtors, debtor's creditworthiness and ageing of trade receivables and are adjusted with forward- looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Trade and other receivables and contract assets (continued)

The table below provides information about the Group's exposure to credit risk and ECL for trade receivables for different types of industries.

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
At 31 March 2025				
Capital Equipment	**8.9%**	**111,367**	**(9,914)**	**101,453**
Construction & Engineering	**16.9%**	**33,495**	**(5,665)**	**27,830**
Service Industry	**12.8%**	**53,795**	**(6,889)**	**46,906**
Utilities – Electric	**1.1%**	**22,784**	**(256)**	**22,528**
Trading	**44.3%**	**19,961**	**(8,836)**	**11,125**
Others	**1.7%**	**30,731**	**(524)**	**30,207**
		272,133	**(32,084)**	**240,049**
At 31 March 2024				
Capital Equipment	8.3%	73,483	(6,100)	67,383
Construction & Engineering	6.8%	133,071	(9,030)	124,041
Utilities – Electric	0.3%	35,165	(110)	35,055
Trading	15.2%	27,177	(4,139)	23,038
Others	0.5%	2,832	(15)	2,817
		271,728	(19,394)	252,334

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank and other borrowings, matured promissory note, lease liabilities and bank balances. Bank and other borrowings, matured promissory note, lease liabilities and bank balances at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile is monitored by management.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The Group's bank balances bear interest at variable interest rates, while bank and other borrowings, matured promissory note and lease liabilities bear interests at fixed interest rates. Other than bank balances, bank and other borrowings, matured promissory note and lease liabilities, the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

The Group will continue to monitor the exposure on cash flow interest rate risk and will consider hedging the interest rate should the need arise. In the opinion of the directors of the Company, the Group does not have material interest rate risk exposure and hence no sensitivity analysis is presented.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in the functional currency of the group entities. The foreign currency risk is considered not material and the Group therefore does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings, advances from related parties and internally generated funds. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group also monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Under the terms of the bank loans, the aggregated amount of bank loans was approximately RMB 29,950,000 (equivalent to approximately HK$32,455,000) (2024: RMB30,000,000 (equivalent to approximately HK$32,524,000)) which the group entities are required to comply with certain covenants in respect of their operating income, contingent liability ratio and debt-to-asset ratio for each annual reporting period. The group entities have complied with the covenants for the reporting period, respectively (2024: Same).

There are no indications that the group entities would have difficulties complying the covenants when they will be next tested at the next reporting date.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow.

	Weighted average interest rate per annum	On demand or within one year	Two to five years	Over five years	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2025						
Trade and bills payables	**N/A**	**234,520**	**–**	**–**	**234,520**	**234,520**
Other payables and accruals	**N/A**	**15,546**	**–**	**–**	**15,546**	**15,546**
Matured promissory note	**(Note)**	**48,984**	**–**	**–**	**48,984**	**48,984**
Amounts due to related parties	**N/A**	**7,476**	**–**	**–**	**7,476**	**7,476**
Bank and other borrowings	**3.3%**	**37,493**	**60,761**	**–**	**98,254**	**94,358**
Lease liabilities	**5.5%**	**688**	**858**	**2,786**	**4,332**	**2,721**
		344,707	**61,619**	**2,786**	**409,112**	**403,605**
At 31 March 2024						
Trade and bills payables	N/A	180,429	–	–	180,429	180,429
Other payables and accruals	N/A	8,086	–	–	8,086	8,086
Matured promissory note	(Note)	47,544	–	–	47,544	47,544
Amounts due to related parties	N/A	11,477	–	–	11,477	11,477
Bank and other borrowings	3.7%	38,714	63,544	–	102,258	96,905
Lease liabilities	5.9%	151	628	2,947	3,726	2,013
		286,401	64,172	2,947	353,520	346,454

Note: 4% per annum on original principal amount.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values

As at 31 March 2025, all financial instruments measured at amortised costs are carried at amounts not materially different from their fair values.

Bills receivables at fair value through other comprehensive income are measured at fair value at Level 2 of the fair value hierarchy based on discounted cash flow that capture the present value of future expected cash flows derived from the underlying assets at the end of each reporting period. The directors of the Company are of the view that the fair values of bills receivables are close to their carrying amounts given all bill receivables will mature within six months.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value. The Group's overall strategy remains unchanged from prior year.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total debts over capital. The gearing ratios as at the end of the reporting periods were as follows:

	2025	2024
	HK\$'000	HK\$'000
Matured promissory note	**48,984**	47,544
Amounts due to related parties	**7,476**	11,477
Bank and other borrowings	**94,358**	96,905
Lease liabilities	**2,721**	2,013
Total debts	**153,539**	157,939
Total equity	**375,801**	272,320
Total capital	**529,340**	430,259
Gearing ratio	**29%**	37%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2025** **HK$'000**	2024 HK$'000
Non-current assets			
Property, plant and equipment		**–**	–
Investments in subsidiaries		**8**	8
Amounts due from subsidiaries		**140,654**	111,722
		140,662	111,730
Current assets			
Other receivables		**5**	7
Current liabilities			
Other payables and accruals		**712**	1,113
Matured promissory note	24	**48,984**	47,544
Amount due to a related party		**–**	10
		49,696	48,667
Net current liabilities		**(49,691)**	(48,660)
Net assets		**90,971**	63,070
Capital and reserves			
Share capital	27	**12,270**	8,180
Reserves (Note)		**78,701**	54,890
Total equity		**90,971**	63,070

The Company's statement of financial position was approved and authorised for issue by the board of directors on 24 June 2025 and are signed on its behalf by:

Wu Jian Nong
Director

Shen Meng Hong
Director

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

The movements of the Company's reserves are as follows:

	Shares under share award scheme HK$'000	Share premium HK$'000	Accumulated loss HK$'000	Total HK$'000
At 1 April 2023	–	71,725	(12,336)	59,389
Loss and total comprehensive loss for the year	–	–	(4,499)	(4,499)
At 31 March 2024 and 1 April 2024	**–**	**71,725**	**(16,835)**	**54,890**
Loss and total comprehensive loss for the year	**–**	**–**	**(4,901)**	**(4,901)**
Issuance of shares under the Rights Issue	**–**	**35,710**	**–**	**35,710**
Purchase of shares	**(6,998)**	**–**	**–**	**(6,998)**
At 31 March 2025	**(6,998)**	**107,435**	**(21,736)**	**78,701**

Five Years' Financial Summary

RESULTS

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Reclassified)
REVENUE	**1,029,921**	766,108	688,965	240,524	198,596
PROFIT/(LOSS) BEFORE INCOME TAX	**84,345**	40,365	37,269	4,943	(7,314)
Income tax (expense)/credit	**(11,495)**	(6,497)	(8,219)	1,627	63
PROFIT/(LOSS) FOR THE YEAR	**72,850**	33,868	29,050	6,570	(7,251)
Profit/(Loss) for the year attributable to:					
Owners of the Company	**71,652**	32,822	27,633	5,497	(8,630)
Non-controlling interests	**1,198**	1,046	1,417	1,073	1,379
	72,850	33,868	29,050	6,570	(7,251)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**806,585**	649,253	516,083	423,189	381,882
TOTAL LIABILITIES	**(430,784)**	(376,933)	(260,173)	(171,333)	(145,893)
NET ASSETS	**375,801**	272,320	255,910	251,856	235,989
EQUITY					
Equity attributable to the owners of the Company	**357,197**	253,900	236,436	229,628	213,318
Non-controlling interests	**18,604**	18,420	19,474	22,228	22,671
TOTAL EQUITY	**375,801**	272,320	255,910	251,856	235,989