



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)

2024 INTERIM REPORT



* For identification purpose only

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

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

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

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

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

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and the subsidiaries (collectively, the “Group”) for the six months ended 30 September 2024, together with the unaudited comparative figures for the respective corresponding periods in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	<i>Notes</i>	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	595,834	273,121
Contract costs and cost of sales	5	(507,599)	(253,110)
Gross profit		88,235	20,011
Other income	4	8,616	8,652
Administrative and other operating expenses		(29,482)	(14,509)
Finance cost		(2,500)	(2,101)
PROFIT BEFORE TAX	5	64,869	12,053
Income tax expense	6	(9,071)	(1,650)
PROFIT FOR THE PERIOD		55,798	10,403
Attributable to:			
Owners of the Company		55,061	9,504
Non-controlling interests		737	899
		55,798	10,403
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			(Restated)
– Basic and diluted (HK cents)	7	5.41	0.98

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<i>Notes</i>		
PROFIT FOR THE PERIOD	55,798	10,403
OTHER COMPREHENSIVE INCOME/ (EXPENSES)		
<i>Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	8,305	(14,592)
Other comprehensive income/(expense), net of tax	8,305	(14,592)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	64,103	(4,189)
Attributable to:		
Owners of the Company	62,940	(4,179)
Non-controlling interests	1,163	(10)
	64,103	(4,189)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	32,436	31,549
Right-of-use assets	4,300	4,204
Intangible assets	2,546	2,813
Deferred tax assets	5,187	5,071
Total non-current assets	44,469	43,637
CURRENT ASSETS		
Inventories	39,072	19,375
Trade and bills receivables	217,902	274,598
Prepayments, deposits and other receivables	113,123	92,668
Contract assets	194,749	124,897
Amounts due from related parties	650	801
Restricted/pledged bank deposits	1,115	48,959
Cash and cash equivalents	159,976	44,318
Total current assets	726,587	605,616
CURRENT LIABILITIES		
Trade and bills payables	209,213	180,429
Other payables and accruals	21,941	8,845
Matured promissory note	48,266	47,544
Contract liabilities	9,736	27,305
Amounts due to related parties	-	11,477
Bank and other borrowings	35,444	34,756
Lease liabilities	33	33
Tax payable	5,959	2,415
Total current liabilities	330,592	312,804

		30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
	<i>Notes</i>		
NET CURRENT ASSETS		395,995	292,812
TOTAL ASSETS LESS CURRENT LIABILITIES		440,464	336,449
NON-CURRENT LIABILITIES			
Lease liabilities		2,025	1,980
Bank and other borrowings	<i>11</i>	62,364	62,149
Total non-current liabilities		64,389	64,129
Net assets		376,075	272,320
EQUITY			
Issued capital	<i>12</i>	12,270	8,180
Reserves		344,464	245,720
Equity attributable to owners of the Company		356,734	253,900
Non-controlling interests		19,341	18,420
Total equity		376,075	272,320

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserves HK\$'000	Retained profits HK\$'000			
At 31 March 2024 (audited)	8,180	71,725	23,961	(22,501)	172,535	253,900	18,420	272,320
Profit for the period	-	-	-	-	55,061	55,061	737	55,798
Other comprehensive expenses for the period	-	-	-	7,879	-	7,879	426	8,305
Total comprehensive income for the period	-	-	-	7,879	55,061	62,940	1,163	64,103
Rights issue of new shares	4,090	36,810	-	-	-	40,900	-	40,900
Transaction costs attributable to rights issue of new shares	-	(1,006)	-	-	-	(1,006)	-	(1,006)
Dividend paid to non- controlling interests	-	-	-	-	-	-	(242)	(242)
At 30 September 2024 (unaudited)	12,270	107,529	23,961	(14,622)	227,596	356,734	19,341	376,075
At 31 March 2023 (audited)	8,180	71,725	19,546	(7,143)	144,128	236,436	19,474	255,910
Profit for the period	-	-	-	-	9,504	9,504	899	10,403
Other comprehensive expenses for the period	-	-	-	(13,683)	-	(13,683)	(909)	(14,592)
Total comprehensive income/ (expenses) for the period	-	-	-	(13,683)	9,504	(4,179)	(10)	(4,189)
At 30 September 2023 (unaudited)	8,180	71,725	19,546	(20,826)	153,632	232,257	19,464	251,721

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2024*

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash generated/(used in) from operating activities	30,617	(37,414)
Net cash generated from investing activities	46,519	10,809
Net cash generated from financing activities	38,522	5,242
Net increase/(decrease) in cash and cash equivalents	115,658	(21,363)
Cash and cash equivalents at beginning of the period	44,318	54,617
Cash and cash equivalents at end of the period	159,976	33,254

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on GEM of the Stock Exchange with effect from 21 November 2013. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Rm 19, 20/F, Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong.

During the six months ended 30 September 2024, the Group was principally engaged in the renewable energy business in the People's Republic of China (the "PRC").

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with the accounting principles generally accepted in Hong Kong, and comply with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2024 are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2024, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2024. The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements included in the annual report of the Company dated 28 June 2024.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared under the historical cost convention.

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

Basis of preparation *(Continued)*

The preparation of the unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee (the "Audit Committee").

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2024. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations issued by the HKICPA. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business unit based on their products and services and has one reportable operating segment, namely the renewable energy business segment for the period ended 30 September 2024.

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

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

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

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

3. SEGMENT INFORMATION (Continued)

Geographic Information

Revenue from external customers

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Mainland China	595,834	273,121
	595,834	273,121

Information about major customers

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Customer 1	236,180	N/A ¹
Customer 2	95,437	N/A ¹
Customer 3	81,318	N/A ¹
Customer 4	N/A ¹	63,045
Customer 5	N/A ¹	42,311
Customer 6	N/A ¹	28,666

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

The Company is domiciled in the Cayman Islands with the Group's major operations located in PRC for the six months ended 30 September 2024. Substantially all of the Group's revenues from external customers for the six months ended 30 September 2024 and 30 September 2023 derived from PRC, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong and PRC.

1. The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE AND OTHER INCOME

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue		
Construction contracts	595,834	273,121
	595,834	273,121
Other income		
Interest income	1,129	1,779
Others	7,487	6,873
	8,616	8,652

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Amortisation of intangible assets	391	389
Depreciation	1,347	1,184
Contract costs:		
Cost of construction materials and supplies	316,653	144,669
Subcontracting charges and labour cost	153,564	100,585
Transportation	867	1,032
Machine and vehicle rental expenses	3,466	889
Other expenses	33,049	5,935
	507,599	253,110
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, wages and other benefits	12,626	3,845
Retirement benefit scheme contributions	880	487
	13,506	4,332
Foreign exchange differences, net	(43)	(95)

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax – PRC	9,071	1,650
Charge for the period	9,071	1,650

Hong Kong

No provision for Hong Kong Profits Tax has been recognised in the condensed consolidated financial statements for the six months ended 30 September 2024 as the Group does not have any profit which arises in or is derived from Hong Kong (2023: Nil).

The PRC

The PRC Enterprise Income Tax (the “PRC EIT”) has been provided at the rate of 25% (2023: 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% (2023: 5%) during the six months ended 30 September 2024 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.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
Profit for the period attributable to owners of the Company	55,061	9,504
Number of shares Weighted average number of shares	1,017,761,858	973,420,000

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

(a) Basic earnings per share (Continued)

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2024 has been adjusted for the effect of the rights issue of shares completed on 30 August 2024. The weighted average number of ordinary shares for the purpose of calculating basic earning per share for the six months ended 30 September 2023 has been adjusted retrospectively for the effects of the rights issue of shares completed on 30 August 2024.

(b) The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three and six months ended 30 September 2024 and 2023.

8. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2024 and 2023.

9. TRADE AND BILLS RECEIVABLES

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

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

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 – 30 days	131,500	103,071
31 – 90 days	37,608	69,296
91 – 180 days	13,411	44,997
181 – 365 days	30,324	18,766
Over 365 days	5,059	38,468
	217,902	274,598

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

	2024 HK\$'000
At 1 April 2024	19,394
Movement in the period	–
At 30 September 2024	19,394

9. TRADE AND BILLS RECEIVABLES (Continued)

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

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

10. TRADE AND BILLS PAYABLES

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

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
0 – 30 days	128,649	108,926
31 – 90 days	27,482	33,074
91 – 180 days	18,623	22,320
181 – 365 days	20,754	10,987
Over 365 days	13,705	5,122
	209,213	180,429

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

11. BANK AND OTHER BORROWINGS

As at 30 September 2024, the Group has total bank and other borrowings of HK\$97,808,000 (31 March 2024: HK\$96,905,000). Current portion and non-current portion of bank and other borrowings amounted to HK\$35,444,000 and HK\$62,364,000, respectively (31 March 2024: HK\$34,756,000 and HK\$62,149,000). The interest rate for the bank and other borrowing ranged from 3% to 4.5% (31 March 2024: 3.25%–4.5%).

12. ISSUED CAPITAL

	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 31 March 2023, 31 March 2024 and 30 September 2024	2,000,000,000	20,000
Issued and fully paid:		
Balance as at 31 March 2023, 31 March 2024 (audited) and 1 April 2024	818,000,000	8,180
Share issued upon completion of rights issue	409,000,000	4,090
Balance as at 30 September 2024 (Unaudited)	1,227,000,000	12,270

13. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Jiangxi Aopu Lighting Co., Ltd.* (江西奥普照明有限公司) (note i)		
– Construction labour income	–	811
Jiangshan Youhe Machinery Co., Ltd.* (江山市友和機械有限公司) (note i)		
– rental expenses and utilities expenses	–	387
Zhejiang Xingcai AgroSciences Limited* (浙江星菜農業科技有限公司) (note i)		
– rental expenses	56	261
Zhejiang Tonking New Energy Group Co., Ltd.* (浙江同景新能源有限公司) (note i)		
– rental expenses	271	–

- * The English name are for identification purpose only and the official names of the companies are in Chinese.

13. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

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

Note:

- (i) Mr. Wu, an executive director of the Company, is the controlling shareholder and one of beneficial owners of these related parties.
- (b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration, is as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fee, salaries, allowance and other benefits	808	808

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

Renewable Energy Business

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

During the reporting period, our renewable energy business recorded a total revenue of approximately HK\$595,834,000 (the corresponding period in 2023: HK\$273,121,000), which was mainly attributable to the provision of one-stop value-added solutions for photovoltaic power stations and sale of patented photovoltaic tracking mounting bracket systems.

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 testing) for photovoltaic power plants, combined with big data analysis technology, AI control technology, wireless communication technology of LOAR/Zigbee, 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 Group'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 a multi-point linkage bracket system 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. Based on the original technology, the system has been technically upgraded for the core transmission system, which has adopted a torque transmission system that can adapt to the complex environment and terrain instead of the original push rod transmission system. And it has carried out a modular design for the entire bracket system, with each module designed with a stable self-locking mechanism, which has further upgraded the safety performance of the bracket products. The Group has developed adaptable steel cable brackets, with the characteristics of wide-span, multi-span, high headroom, multi-scenario, high-capacity, and low steel consumption for projects in special scenarios, such as mountain areas with steep slopes, and industrial and commercial plants.

With the advancement of photovoltaic projects, fresh water surface resources are rapidly consumed, and the sea area with better offshore conditions has become the new focus of surface photovoltaic projects. In quick response to the market demand, the Group has made great efforts to develop floating photovoltaic brackets on the sea surface, designed and developed a floating photovoltaic bracket on the sea surface, and studied the use of materials resistant to complex environmental conditions including weather-resistant and acid/alkali-resistant to create photovoltaic brackets that can meet the needs of the complex environment on the sea surface. At the same time, the Group has adopted a mode of module installation that can adapt to the complex conditions of the sea surface, with a view to pushing the existing photovoltaic projects towards the sea surface.

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 “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 six months ended 30 September 2024, the Group recorded an unaudited revenue of approximately HK\$595,834,000, representing a increase of approximately 118% compared with approximately HK\$273,121,000 of the corresponding period in 2023. The increase of revenue was mainly due to the increase in sales orders.

Contract Costs

The contract costs for the six months ended 30 September 2024 was approximately HK\$507,599,000 (2023: HK\$253,110,000). The costs were derived from the renewable energy business which was mainly attributable to the cost of construction materials and supplies, subcontracting charges and labour costs, transportation, machine and vehicle rental and other expenses.

Total administrative and other operating expenses

Total administrative and other operating expenses increased by approximately 103% to approximately HK\$29,482,000 for the six months ended 30 September 2024 from approximately HK\$14,509,000 for the corresponding period in 2023. The increase was mainly due to the increase in staff costs during the period.

Finance costs

Finance costs increased by approximately 19% to approximately HK\$2,500,000 for the six months ended 30 September 2024 from approximately HK\$2,101,000 for the corresponding period in 2023.

Net profit for the period

For the six months ended 30 September 2024, the Group recorded a profit attributable to owners of the Company of approximately HK\$55,061,000 (2023: profit of approximately HK\$9,504,000). The increase was mainly due to the increase in revenue and gross profit.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 30 September 2024, the share capital and equity attributable to owners of the Company amounted to HK\$12,270,000 and approximately HK\$356,734,000 respectively (31 March 2024: HK\$8,180,000 and approximately HK\$253,900,000 respectively). The increase was mainly due to rights issue completed and net profit for the period.

Cash position

As at 30 September 2024, the cash and cash equivalents and restricted/pledged bank deposits of the Group amounted to approximately HK\$159,976,000 (31 March 2024: approximately HK\$44,318,000) and HK\$1,115,000 (31 March 2024: approximately HK\$48,959,000) respectively, representing an increase of approximately 72.7% in aggregate as compared to that as at 31 March 2024. The increase was mainly due to rights issue completed and net profit for the period.

Borrowing

As at 30 September 2024, the Group has total bank and other borrowings of HK\$97,808,000 (31 March 2024: HK\$96,905,000). Current portion and non-current portion of bank and other borrowings amounted to HK\$35,444,000 and HK\$62,364,000, respectively (31 March 2024: HK\$34,756,000 and HK\$62,149,000). The interest rate for the bank and other borrowing ranged from 3% to 4.5% (31 March 2024: 3.25%–4.5%).

Gearing ratio

As at 30 September 2024, the gearing ratio of the Group was approximately 28% (31 March 2024: approximately 37%). The gearing ratio is calculated based on the total debt at the end of the period/year divided by the total debt plus total equity at the end of the respective period/year. Total debt represents all liabilities excluding contract liabilities, trade and bills payables, other payables and accruals and tax payables. The increase was mainly due to rights issue completed and net profit for the period.

Exchange Rate Exposure

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

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

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

There were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2024.

Contingent Liabilities

As at 30 September 2024, the Group had no material contingent liabilities (31 March 2024: nil).

Capital Commitment

As at 30 September 2024, the Group had no capital commitment (31 March 2024: nil).

Employee and Emolument Policies

The Group had 168 employees (including Directors) as at 30 September 2024 (31 March 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. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2024, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision C.2.1 of the Code as described below.

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.

COMPETING BUSINESS

For the six months ended 30 September 2024, none of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2024.

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

As at 30 September 2024, 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 (<i>Note</i>)	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 and 7,393,755 Shares (being 0.27%) of the Shares of the Company respectively. Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong beneficially owns 85%, 3% and 1% of the issued share capital of Signkey Group Limited respectively. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited and Signkey Group Limited respectively for the purpose of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 30 September 2024, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2024 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 (<i>Note 1</i>)	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 30 September 2024, 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.

VOLUNTARY CONDITIONAL CASH OFFERS

On 11 April 2024 (after trading hours), the Board and Rise Triumph Limited (the “Offeror”) jointly announced that Astrum Capital Management Limited, on behalf of the Offeror, made voluntary conditional cash offers to acquire all the offer shares (the “Offer Shares”), being all the shares of the Company (the “Shares”) in issue (other than those Shares already owned by the Offeror and its concert parties) at HK\$0.1 in cash for each Offer Share. The Offeror received valid acceptances in respect of 268,537,010 Shares pursuant to the Offer, representing approximately 32.8% of the issued share capital and voting rights of the Company as at the date of the joint announcement dated 21 May 2024.

For details, please refer to the joint announcements dated 11 April 2024, 7 May 2024 and 21 May 2024, respectively and the Composite Document dated 26 April 2024.

SHARE OPTION SCHEME

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

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

There was no option outstanding as at 30 September 2024.

SHARE AWARD SCHEME

The Company adopted share award scheme on 24 September 2024. A summary of the principal terms of the share award scheme is set out in the announcements of the Company dated 24 September 2024 and 26 September 2024.

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 24 September 2024 (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 30 September 2024, no share had been granted by the Company to any parties under the share award scheme.

RIGHTS ISSUE AND USE OF PROCEEDS

During the Period, the Company had raised an approximately HK\$39.9 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 30 September 2024, the Company applied HK\$14 million to repay of loan from related party. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors for the six months ended 30 September 2024.

AUDIT COMMITTEE

The Company has established an audit committee with its terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are (i) to review the financial systems of the Group; (ii) to review the accounting policy, financial position and financial reporting procedures of the Group; (iii) to communicate with external auditors; (iv) to assess the performance of internal financial and audit personnel; and (v) to assess the internal controls of the Group. The audit committee has reviewed the unaudited condensed consolidated financial statements and the results of the Group for the six months ended 30 September 2024 and this report, and considered that the results and this report have been prepared in accordance with the applicable accounting standards and requirements.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 30 September 2024 and up to the date of this report.

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

Hong Kong, 29 November 2024

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

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

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

Auditors

Moore CPA Limited
(formerly, Moore Stephens CPA Limited)
Registered Public Interest Entity Auditor

Stock Code

8326

Company's Website

www.tonkinggroup.com.hk