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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Wu Jian Nong

Ms. Shen Meng Hong

Mr. Xu Shui Sheng

*Independent non-executive Directors:*

Ms. Wang Xiaoxiong

Mr. Zhou Yuan

Mr. Shen Fuxin

*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:*

Room 701, 7th Floor

Peninsula Centre

67 Mody Road

Tsimshatsui, Kowloon

Hong Kong

26 April 2024

*To the Shareholders*

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY  
ASTRUM CAPITAL MANAGEMENT LIMITED  
FOR AND ON BEHALF OF RISE TRIUMPH LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
TONKING NEW ENERGY GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
RISE TRIUMPH LIMITED AND CERTAIN PARTIES  
ACTING IN CONCERT WITH IT)**

\* For identification purpose only

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### INTRODUCTION

Reference is made to the Rule 3.5 Announcement. Astrum Capital, for and on behalf of the Offeror, makes a voluntary conditional cash offer to acquire all the issued Shares (other than those Shares already owned by the Offeror and certain parties acting in concert with it) at HK\$0.10 per Share.

The purpose of this Composite Document of which this letter forms part is to provide you with, among other matters, the terms of the Offer, information relating to the Group and the Offeror, as well as to set out (i) the letter from the Independent Board Committee containing its recommendations to the Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer.

Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

### PRINCIPAL TERMS OF THE OFFER

The “Letter from Astrum Capital” as set out on pages 6 to 15 of this Composite Document contains the information in respect of the Offer and the principal terms of the Offer are extracted below. You are recommended to refer to the “Letter from Astrum Capital”, the section headed “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details.

As at the Latest Practicable Date, there were 818,000,000 Shares in issue, of which 586,546,000 Shares will be subject to the Offer. The Company had no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Offer is made by Astrum Capital for and on behalf of the Offeror at the Offer Price:

**For each Offer Share . . . . . HK\$0.10 in cash**

The Offer Shares to be acquired under the Offer shall be fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document).

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it did not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

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### **The Offer Price**

Your attention is drawn to the section headed “The Offer – The Offer Price” in the “Letter from Astrum Capital” in this Composite Document.

### **Highest and Lowest Share Prices**

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.195 per Share on 12 April 2024 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.094 per Share on 11 December 2023.

### **Value of the Offer**

Your attention is drawn to the sections headed “The Offer – Value of the Offer” in the “Letter from Astrum Capital” in this Composite Document which set out the value of the Offer.

### **Conditions to the Offer**

Your attention is drawn to the section headed “The Offer – Conditions of the Offer” in the “Letter from Astrum Capital” in this Composite Document which sets out the conditions to the Offer.

### **Reasons for and Benefits of the Offer**

Your attention is drawn to the section headed “Reasons for the Offer” in the “Letter from Astrum Capital” in this Composite Document.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising Ms. Wang Xiaoxiong, Mr. Zhou Yuan and Mr. Shen Fuxin, being all of the independent non-executive Directors, has been formed to advise the Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer.

TC Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out on pages 22 to 23 and pages 24 to 46 respectively in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

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### FURTHER DETAILS OF THE OFFER

You are advised to refer to the “Letter from Astrum Capital” as set out on pages 6 to 15 of this Composite Document, “Further terms and procedures of acceptance of the Offer” as set out in Appendix I to this Composite Document and the Form of Acceptance for further terms and conditions of the Offer and the procedures for acceptance and settlement of the Offer.

### INFORMATION ON THE GROUP

The Company is the holding company of the Group. The Group is principally engaged in the renewable energy business in the PRC, including (i) the provision of one-stop value-added solutions (EPC, maintenance and support, and testing) for photovoltaic power stations and (ii) sale of patented photovoltaic tracking mounting bracket systems.

Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and V to this Composite Document, respectively.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date	
	Number of Shares	Approximate percentage of shareholding
The Offeror	224,380,000	27.43%
Signkey Group Limited ( <i>Note</i> )	<u>7,074,000</u>	<u>0.86%</u>
<b>Subtotal: The Offeror and the Offeror Concert Parties</b>	231,454,000	28.29%
<b>Independent Shareholders</b>		
– Xu Jun	150,000,000	18.34%
– Other Shareholders	<u>436,546,000</u>	<u>53.37%</u>
<b>Total</b>	<u><b>818,000,000</b></u>	<u><b>100%</b></u>

*Note:* Signkey Group Limited, a company incorporated in the British Virgin Islands with limited liability, is 85.0%, 8.0%, 3.0%, 3.0% and 1.0% beneficially owned by Mr. Wu, Mr. Jiang Jianming, Mr. Xu Shui Sheng, Mr. Qiao Jianping and Ms. Shen Meng Hong, respectively. Signkey Group Limited is a member of the Offeror Concert Parties.

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Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and V to this Composite Document, respectively.

### PROFIT ESTIMATES

As set out in the Positive Profit Alert Announcement, based on a preliminary review of the unaudited management accounts by the management of the Group, the Group is expected to record an increase of 50% to 80% in profit attributable to owners of the Company for the 11 months ended 29 February 2024 (the “**Profit Estimate**”), as compared to the profit attributable to owners of the Company in the amount of HK\$27,633,000 recorded for the year ended 31 March 2023, which was mainly attributable to the increase in gross profit of the renewable energy business of the Group and a subsidiary applying to the income tax reduction and exemption of 25% to 15% as a new high-tech enterprise.

The Profit Estimate constitutes a “profit forecast” under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the Company’s auditors in accordance with the requirements under Rule 10 of the Takeovers Code. The Profit Estimate has been reported on by Moore and TC Capital. Moore has reported that, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the Profit Estimate in accordance with the bases adopted by the Directors and the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. TC Capital is satisfied that the Profit Estimate has been made by the Directors with due care and consideration.

Your attention is drawn to the reports issued by TC Capital and Moore on the Profit Estimates set out in Appendix III and IV this Composite Document, respectively.

### INFORMATION OF THE OFFEROR AND INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “Information of the Offeror” and “Intentions of the Offeror in relation to the Group” in the “Letter from Astrum Capital” as set out on pages 6 to 15 of this Composite Document.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

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The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Board is aware of the Offeror's intentions in respect of the Group and its employees and is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on pages 22 to 23 of this Composite Document, which sets out its recommendations to the Independent Shareholders in relation to the Offer; and (ii) the "Letter from the Independent Financial Adviser" as set out on pages 24 to 46 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its advice.

### ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from Astrum Capital", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document, the "Report from TC Capital" and the "Report from Moore" as set out in Appendix III and IV to this Composite Document, respectively, the accompanying Form of Acceptance and the additional information as set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,

By order of the Board

**Tonking New Energy Group Holdings Limited**

**Wu Jian Nong**

*Chairman*

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**LETTER FROM THE BOARD**

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Yours faithfully,

By order of the Board

**Tonking New Energy Group Holdings Limited**

A handwritten signature in blue ink, appearing to be 'WJN' or similar, written in a cursive style.

**Wu Jian Nong**

Chairman