



26 April 2024

To Shareholders

Dear Sir/Madam,

**THE 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)**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement issued by the Company and the Offeror in relation to, among others, the Offer.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures for acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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

THE OFFER

Astrum Capital will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code at the following Offer Price:

For each Offer Share HK\$0.10 in cash

Astrum Financial Holdings Limited 阿仕特朗金融控股有限公司
Astrum Capital Management Limited 阿仕特朗資本管理有限公司

Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong General Line : (852) 3665 8111 Fax : (852) 2559 2880, 2559 7800

If, after the date of the despatch of this Composite Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Rule 3.5 Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

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.

The Offeror will not increase the Offer Price for the Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Further details of the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

The Offer Price

The Offer Price of HK\$0.10 per Offer Share represents:

- (a) a discount of approximately 40.8% over the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 48.5% over the closing price of HK\$0.194 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 42.4% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.174 per Share;

- (d) a discount of approximately 30.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.145 per Share;
- (e) a discount of approximately 18.5% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.123 per Share;
- (f) a discount of approximately 14.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.117 per Share;
- (g) a discount of approximately 65.4% to the audited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.289 as at 31 March 2023; and
- (h) a discount of approximately 64.8% to the unaudited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.284 as at 30 September 2023.

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

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.

Assuming (i) that there is no change in the number of issued Shares; and (ii) full acceptance of the Offer, based on the Offer Price of HK\$0.10 per Offer Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$58,654,600.

Confirmation of financial resources

The Offeror intends to finance the Offer Consideration by its internal resources. Astrum Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer respect of the 586,546,000 Offer Shares.

Conditions of the Offer

The Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the Shares already owned or acquired or agreed to be acquired before or during the Offer, will result in the Offeror and the Offeror Concert Parties holding more than 50% (or such lower percentage as the Offeror may, subject to the Takeovers Code, decide) of the voting rights of the Company;
- (b) the Shares remaining listed and traded on GEM up to the Closing Date save for any temporary suspension(s) of trading in the Shares as a result of the Offer and no indication being received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on GEM is or is likely to be withdrawn;
- (c) since the date of the Rule 3.5 Announcement, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Group;
- (d) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit the implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof; and
- (e) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)).

As at the Latest Practicable Date, the Offeror does not foresee any issue with the fulfillments of Conditions (b) to (e).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke Condition (b), (c), (d) or (e) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer become unconditional in all respects. The Offer must also remain open for acceptance for at least 14 days after the Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

WARNING: Shareholders and potential investors should be aware that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or exercising other rights in respect of the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

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 details of the information of the Group as set out under the section headed “Information on the Group” in the “Letter from the Board” and information set out in Appendices II and V to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. The Offeror is 96.0%, 3.0% and 1.0% beneficially owned by Mr. Wu, Mr. Xu Shui Sheng and Ms. Shen Meng Hong, respectively. The sole director of the Offeror is Mr. Wu.

Mr. Wu is an executive Director, the chairman of the Board and the chief executive officer of the Company. He 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 and a master’s 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).

* For identification purpose only

Mr. Xu Shui Sheng is an executive Director. He obtained a master's degree in business administration (MBA) 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. 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).

Ms. Shen Meng Hong is an executive Director and an authorised representative of the Company. Ms. Shen obtained an MBA from the Hong Kong Finance and Economics College in 2008, and is a qualified PRC senior accountant. Since 1998, Ms. Shen was engaged in financial management in the field of the compact fluorescent lamp industry and renewable energy industry. In 2015, she was appointed as an executive Director and since then, she was involved in enterprise strategic management and risk management of the Group.

INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING STATUS OF THE COMPANY

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.

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 Company and the offeror do not expect any change to the composition of the Board both before and after the close of the Offer. To the best knowledge and belief to the Company and the Offeror, no Director intends to resign from the Board.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing business of the Group. As at the Latest Practicable Date, the Offeror has not entered into, and has no plans to enter into, any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and has no intention to dispose of or reallocate the Group's fixed assets which relate to the ordinary and usual course of business, or change the scale of any of the Group's existing business. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore other business opportunities and consider whether any asset disposal, asset acquisition, fund raising, restructuring of business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

The Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

REASONS FOR THE OFFER

Mr. Wu is optimistic about the future prospect of the Group. The Offer is initiated with an aim to increase his investment in the Company via the Offeror, after which he may become a controlling shareholder of the Company owning more than 50% of its entire issued share capital. In addition, the Offeror is of the view that the trading volume of the Shares has not been satisfactory. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 652,832 Shares per trading day, representing only approximately 0.08% of the total issued Shares as at the Latest Practicable Date. The low trading liquidity of the Shares could make it difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of Shares. Therefore, the Offer provides an immediate opportunity for Independent Shareholders to realise their investments in the Shares in return for immediate cash.

ACCEPTANCES OF THE OFFER

Procedures for acceptance

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

The duly completed and signed Form of Acceptance, should be sent, together with the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, marked "Tonking New Energy Group Holdings Limited – Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given. Your attention is drawn to "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.

Close of the Offer

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or, if permissible, waived), Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the GEM Listing Rules as soon as practicable thereafter.

Effect of Accepting the Offer

Acceptance of the Offer will constitute a warranty to the Offeror by each person accepting it that the Shares acquired under the Offer and sold by such persons are 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).

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date if the Offer has not by then become unconditional as to acceptances.

Nominee registration

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

Stamp Duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the Offer becomes, or is declared, unconditional in all respects; and (ii) the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by the Offeror (or its agent).

Taxation advice

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital nor any of its respective directors, officers, associates or advisers or any persons involved in the Offer is in a position to advise Shareholders on their own tax implications in any relevant jurisdiction. Shareholders are recommended to consult their own professional advisers as to the taxation implications in any relevant jurisdiction of accepting or rejecting the Offer.

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Registrar or any of their respective directors, officers, associates, advisers or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of the acceptance or rejection of the Offer by any Shareholder.

Compulsory acquisition

The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares not tendered for acceptance under the Offer.

GENERAL

No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares will be given.

All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders at their addresses specified on the Form of Acceptance. None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, Astrum Capital, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result. The attention of the Shareholders is drawn to "Further terms and procedures of acceptance of the Offer" as set out in Appendix I to this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board" as set out on pages 16 to 21 of this Composite Document, the "Letter from the Independent Board Committee" as set out on pages 22 to 23 of this Composite Document and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the "Letter from the Independent Financial Adviser" on pages 24 to 46 of this Composite Document.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited



Hidulf Kwan
Managing Director