TAT HONG EQUIPMENT SERVICE CO., LTD.
達豐設備服務有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 02153

ANNUAL REPORT
2023

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yau Kok San *(Chief Executive Officer)*
Mr. Lin Han-wei *(Chief Operating Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Ng San Tiong *(Chairman)*
Mr. Sun Zhaolin
Mr. Liu Xin
Mr. Guo Jinjun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wan Kum Tho
Dr. Huang Chao-Jen
Ms. Pan I-Shan

AUDIT COMMITTEE

Ms. Pan I-Shan *(Chairlady)*
Mr. Wan Kum Tho
Dr. Huang Chao-Jen

REMUNERATION COMMITTEE

Mr. Wan Kum Tho *(Chairman)*
Ms. Pan I-Shan
Dr. Huang Chao-Jen

NOMINATION COMMITTEE

Mr. Ng San Tiong *(Chairman)*
Mr. Wan Kum Tho
Dr. Huang Chao-Jen

COMPANY SECRETARY

Ms. Oh Sim Yee

AUTHORISED REPRESENTATIVES

Mr. Yau Kok San
Ms. Oh Sim Yee

LEGAL ADVISER

TC & Co., Solicitors, Hong Kong
Units 2201–2203, 22/F., Tai Tung Building
8 Fleming Road
Wanchai, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22/F., Prince's Building
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F., Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 601, Building 8, PortMix
No. 2377 Shenkun Road
Minhang District
Shanghai, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank (China) Limited
No. 116/128 Yincheng Road
Pudong New Area, Shanghai, PRC

OCBC Wing Hang Bank (China) Limited
OCBC Bank Tower
No. 1155 Yuanshen Road
Pudong New District
Shanghai, PRC

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard, #27-01
Marina Bay Financial Centre
Singapore 018981

Bank of China (Hong Kong) Limited
13/F, Metroplaza Tower 1
223 Hing Fong Road
Kwai Chung, N.T.
Hong Kong

China Merchants Bank
No. 762, Tianshan Road
Shanghai, PRC

COMPANY'S WEBSITE

www.tathongchina.com

STOCK CODE

2153

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Tat Hong Equipment Service Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to you this annual report of the Group for the year ended 31 March 2023.

FINANCIAL PERFORMANCE

Over the past year, the outbreak of the COVID-19 pandemic on a global scale had caused unprecedented disruptions in business operation and to the economy. The tightening of global monetary policies and the continued geopolitical tension had made the external environment more complex for the Group to face.

The negative impacts from geopolitical situation and nationwide economic downturn had brought great challenges to the Group. In 2022, the infection rate of different cities had reached new highs, and had resulted in unpredictable delays of our projects due to strict preventive measures implemented by local governments. The Group had also faced concurrent downturn in the property market and slowdown in the infrastructure market. Some new projects were delayed into the next Reporting Period.

Despite these challenges, with the COVID-19 control measures becoming less stringent and the continual supportive policies issued by the PRC Government, the Group remains optimistic about the future of its business and remains confident in its ability to navigate these uncertain times. The Group believes the post pandemic recovery shall present new growth opportunities to the business. The Group's subsidiaries have expanded its digital management using its self developed software "TOP" and "iSmartCon" to improve the management and operation efficiency. We have continued to refine and adjust our internal processes to further enhance the business operation of the Group. The Group has also been actively developing businesses in the clean energy, infrastructure and public construction sectors, particularly in delivering services with large-scale tower cranes. In addition, the Group has incorporated two new companies in the south to address opportunities in the Greater Bay Area.

The Group's revenue decreased by approximately 11.1% from RMB867.0 million for the year ended 31 March 2022 to RMB770.8 million for the year ended 31 March 2023, primarily due to the postponement and delay of engineering projects as a result of the outbreak of the COVID-19 and the corresponding control measures particularly in Eastern China. Although our total tonne metre (TM) in use increased from 3,112,084 for the year ended 31 March 2022 to 3,192,710 for the year ended 31 March 2023, the average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB279.0 to RMB241.0.

The Group's gross profit decreased from approximately RMB234.1 million for the year ended 31 March 2022 to approximately RMB173.2 million for the year ended 31 March 2023, representing a decrease of approximately 26.0%, such decrease was mainly due to the outbreak of the COVID-19 and the corresponding control measures in Eastern China, hence, some projects have been postponed and delayed, thereby affecting the Group's revenue. Correspondingly, the net profit for the year decreased from approximately RMB47.6 million for the year ended 31 March 2022 to the net loss of approximately RMB35.8 million for the year ended 31 March 2023, representing a decrease of approximately 175.2%. This was primarily due to the dramatic increase of exchange loss of approximately RMB37.2 million arising from foreign currency loans and other exchange risk.

For the year ended 31 March 2023, the gross profit margin and the net loss margin of the Group was approximately 22.5% and 4.7%, respectively.

Chairman's Statement

As at 31 March 2023, we had 260 projects in progress with a total outstanding contract value of approximately RMB538.6 million and 45 projects on hand of total expected contract value at approximately RMB118.5 million. Of these projects, we expect to complete contract work worth approximately RMB495.7 million by the year ending 31 March 2024. The management therefore considers the Group is capable of maintaining an overall strong financial position.

PROSPECTS

At present, the global economic environment is full of uncertainties. Since December 2022, the PRC Government has gradually lifted various COVID-19 control measures, and social and economic activities have been returning to normal. Although the PRC has re-opened its borders, the pace of economic recovery remains uncertain. Despite these challenges, the Group is actively looking for business opportunities in order to achieve sustainable growth, strengthen cost control and adopt appropriate measures to develop our businesses in the year ahead. The Company will continue to closely monitor the market conditions and take appropriate measures to capture business opportunities, lower operation risks and in turn achieve better operating results.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff for their hard work and contribution. My thanks also go to our shareholders, investors and business partners for their trust and unwavering support.

NG San Tiong
Chairman
Hong Kong/PRC, June 29 2023

Management Discussion and Analysis

BUSINESS REVIEW

We are the first foreign-owned tower crane service provider established in the People's Republic of China ("**PRC**") and one of the leading crane rental companies in the Asia-Pacific region. Since 2007, we have established ourselves as a tower crane service provider for one-stop tower crane solution services from consultation, technical design, commissioning, construction to after-sales services primarily to Chinese Special-tier and Tier-1 EPC contractors. We mainly engage in engineering, procurement and construction projects ("**EPC projects**") in infrastructure, clean energy, traditional energy, general construction, commercial building and residential building mainly in the PRC.

The PRC market had been adversely impacted by the COVID-19 outbreak and pandemic measures throughout 2022. The PRC Government had imposed periodic lockdowns in cities across the PRC, halting economic activities, which resulted in the suspension of some projects and the economic activities of the Company in Eastern China in the first half of the year. In December 2022, the PRC Government announced the gradual relaxation of the COVID-19 related measures and restrictions. However, this resulted in a surge in the rate of COVID-19 infections. Despite these challenges, the Group has proactively optimized its operation and management. The Group's subsidiaries have expanded their digital management using their self-developed software "TOP" and "iSmartCon" to improve the efficiency in management and operation. We have continued to refine and adjust our internal processes to further enhance the business operation of the Group. At the same time, the Group has striven to seek quality projects and actively pursue business contracts in the clean energy, infrastructure and public construction sectors, particularly in delivering services with large-scale tower cranes, so as to enhance business and financial performance during the next reporting period.

As at the date of this annual report, we manage a total of 1,166 tower cranes, so as to cater for our customers' specialised range of EPC projects throughout the PRC.

Furthermore, the Group has adjusted its internal structure targeting the development opportunities in the Greater Bay Area, and has incorporated two new companies in the South to address opportunities in Greater Bay Area.

OPERATING RESULTS

The Group recorded a net loss of approximately RMB35.8 million for the year ended 31 March 2023 representing a decrease of approximately 175.2% as compared with the net profit of approximately RMB47.6 million for the year ended 31 March 2022. Such decrease was mainly due to, among the other factors, (i) the dramatic increase in exchange loss of approximately RMB37.2 million arising from foreign currency loans and other exchange risk; and (ii) the postponement and delay of engineering projects as a result of the outbreak of the COVID-19 and the corresponding control measures particularly in Eastern China. Our average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB279.0 to RMB241.0.

FUTURE DEVELOPMENT

As the pandemic subsides and the work and production of the construction industry has resumed, the PRC has launched a series of industry subsidy policies and plans for promoting economic development. We have entered the post-pandemic era, in which both opportunities and challenges exist.

Looking forward, the Group will continue to be guided by the core values of "Virtue (厚德), Safety (安全) and Excellence (卓越)", and will further improve and focus on the sustainable development strategic goals of the Group. Through improved digital management throughout the Group, we can achieve resources sharing, cost reduction and efficiency enhancement, while at the same time aggressively pursue international businesses. This series of measures can improve operating efficiency and fulfill the Group's goal to become "the best construction equipment service provider".

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 11.1% from RMB867.0 million for the year ended 31 March 2022 to RMB770.8 million for the year ended 31 March 2023, primarily due to the postponement and delay of engineering projects as a result of the outbreak of the COVID-19 and the corresponding control measures particularly in Eastern China. Although our total tonne metre (TM) in use increased from 3,112,084 for the year ended 31 March 2022 to 3,192,710 for the year ended 31 March 2023, the average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB279.0 to RMB241.0.

Cost of Sales

Our cost of sales decreased by approximately 5.6% from RMB632.9 million for the year ended 31 March 2022 to RMB597.5 million for the year ended 31 March 2023. Such decrease was mainly attributable to, among the other factors, (i) our labour subcontracting costs decreased from approximately RMB266.4 million for the year ended 31 March 2022 to RMB229.3 million for the year ended 31 March 2023, primarily due to the postponement and delay of engineering projects as a result of the outbreak of the COVID-19; and (ii) repair expenses decreased from approximately RMB16.1 million for the year ended 31 March 2022 to approximately RMB9.3 million for the year ended 31 March 2023.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 26.0% from RMB234.1 million for the year ended 31 March 2022 to RMB173.2 million for the year ended 31 March 2023. Our overall gross profit margin decreased from approximately 27.0% for the year ended 31 March 2022 to approximately 22.5% for the year ended 31 March 2023.

Other income

Our other income for the year ended 31 March 2023 amounted to approximately RMB7.1 million, representing a decrease of approximately RMB7.6 million or 51.5% as compared to that of approximately RMB14.7 million for the year ended 31 March 2022. The other income mainly comprised of value-add tax refund and government grants. The decrease was mainly due to the decrease in receipt of financial incentives.

Research and development expenses

Our research and development expenses increased from approximately RMB25.4 million for the year ended 31 March 2022 to approximately RMB29.7 million for the year ended 31 March 2023. This was mainly due to the increase in development work on patents.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 17.5% from approximately RMB17.5 million for the year ended 31 March 2022 to approximately RMB14.5 million for the year ended 31 March 2023. Such decrease was mainly due to the adoption of the video conferences by the Group during the pandemic, which led to the reduction in traveling expenses.

General and administrative expenses

Our general and administrative expenses decreased by approximately RMB38.2 million or 29.6% from approximately RMB129.2 million for the year ended 31 March 2022 to RMB91.0 million for the year ended 31 March 2023. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such decrease was primarily attributable to (i) the absence of the recognition of share award schemes by the controlling shareholder of Company to the top management amounting to approximately RMB29.1 million in March 2023, and (ii) the decrease in traveling expenses and office expenses as a result of telecommuting.

Management Discussion and Analysis

Finance costs

Our finance costs increased by approximately RMB60.4 million or 286.4% from approximately RMB21.1 million for the year ended 31 March 2022 to RMB81.5 million for the year ended 31 March 2023. The increase was mainly due to the recognition of RMB36.5 million net exchange losses which arose from foreign currency borrowings for the year ended 31 March 2023.

Income Tax Credit

Our income tax credit for the year ended 31 March 2023 amounted to approximately RMB1.3 million, representing a decrease of approximately RMB0.5 million or 25.2% as compared to that of approximately RMB1.8 million for the year ended 31 March 2022. This decrease was primarily due to the incurrence of losses for the year ended 31 March 2023.

Losses for the year

As a result of the foregoing reason, the Group recorded a loss of RMB35.8 million for the year ended 31 March 2023 as compared to a profit of RMB47.6 million for the year ended 31 March 2022, representing a decrease of approximately RMB83.4 million or approximately 175.2% as compared with that for the year ended 31 March 2022. The decrease was mainly due to the combined effects of the above-mentioned.

Working capital structure

The Group's net current assets amounted to RMB383.5 million as at 31 March 2023, representing a decrease of RMB68.4 million from 31 March 2022, which was mainly due to increase in the current portion of borrowings.

Liquidity and financial management

We require a substantial amount of capital to fund our purchases of tower cranes, working capital requirements and general business expansion. Our operation and growth have primarily been financed by cash generated from our operations.

The Group strives to maintain a healthy financial position and liquidity for its normal operation, development needs and ad-hoc events. As at 31 March 2023, the cash and cash equivalents plus restricted cash were RMB159.0 million, representing a decrease of RMB10.9 million when compared with those for the year ended 31 March 2022.

The Group's current ratio, which represents the total sum of current assets, divided by the total sum of current liabilities, was 1.44 times as at 31 March 2023, compared to that of 1.61 times as at 31 March 2022.

The gearing ratio of the Group, which represents the total sum of borrowings, loans from a related party and lease liabilities, divided by total equity, was 70.3% as at 31 March 2023 compared to that of 44.6% as at 31 March 2022. The increase in gearing ratio was mainly attributable to the increase in borrowings.

Pledge of assets

As at 31 March 2023, the Group pledged machineries with carrying amount of approximately RMB962.3 million (2022: RMB689.2 million) for the bank borrowings and lease liabilities of the Group.

As at 31 March 2023, no lease liabilities were secured by the pledge of machinery. As at 31 March 2022, the lease liabilities of RMB0.05 million were secured by the pledge of machinery with carrying value of RMB15.5 million.

As at 31 March 2023, the land-use rights with carrying value of approximately RMB12.4 million (2022: RMB12.8 million) were secured for the bank borrowings of the Group.

As at 31 March 2023, the buildings with carrying value of approximately RMB5.0 million (2022: 14.3 million) were secured for the bank borrowings of the Group.

Management Discussion and Analysis

Lease Liabilities

The lease liabilities increased by 45.9% from approximately RMB58.7 million as at 31 March 2022 to approximately RMB85.7 million as at 31 March 2023. This increase was mainly due to the increase of rented tower cranes leading to the increase of right-of-use assets.

CAPITAL COMMITMENT

As at 31 March 2023, the contracted but not provided property, plant and equipment was RMB19.1 million, representing an increase of RMB4.7 million from that as at 31 March 2022.

CONTINGENT LIABILITIES

Save as disclosed in this annual report, the Group had no contingent liabilities.

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange loss for the year ended 31 March 2023 amounted to approximately RMB37.2 million, as compared to the net exchange gain of approximately RMB4.5 million for the year ended 31 March 2022. The Group mainly operates in the PRC with RMB as the functional currency, and most of its foreign currency loans have been converted into the RMB loans. The Board is of the view that the Group's foreign exchange rate risks are not the main risks in the subsequences period. Thus, the Group did not enter into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2023.

USE OF PROCEEDS FROM THE LISTING

On 13 January 2021, the shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The shares were issued to the public at HKD1.73 per share, and the Group received net proceeds (the "**Net Proceeds**") of approximately HKD485.5 million from the global offering of its Shares (the "**Global Offering**") after deducting the underwriting fees and commissions and other expenses incurred by the Group in connection with the Global Offering. As of 31 March 2023, the amount of net proceeds which remain unutilised amounted to approximately HKD60.5 million. Set out below are details of the planned allocation of the net proceeds, the utilised and unutilised amount of the net proceeds as of 31 March 2023:

Usage	%	**Planned allocation of the net proceeds** *HKD'000*	**Utilised net proceeds up to 31 March 2023** *HKD'000*	**Unutilised net proceeds as at 31 March 2023** *HKD'000*	**Expected timeline of full utilization of the balance**
Purchase tower cranes	63.0%	305,865	245,372	60,493	31 March 2024
Purchase equipment and to conduct foundation work for our Yangzhou Refurbishment Centre (as defined in the prospectus of the Company dated 30 December 2020 (the "**Prospectus**"))	5.3%	25,732	25,732	–	Fully utilised
Hire additional personnel equipped with special skills to improve our service capacity and competitiveness	3.2%	15,536	15,536	–	Fully utilised
Repay part of our bank borrowings	18.5%	89,817	89,817	–	Fully utilised
Working capital and other general corporate purposes	10%	48,550	48,550	–	Fully utilised
	100%	485,500	425,007	60,493	

Management Discussion and Analysis

Due to the recovery of the PRC economy remains under pressure and the overall market is still sluggish, the Group's plan to purchase tower cranes for some projects in Eastern China had been postponed and delayed. The balance of the unutilized net proceeds for purchasing tower cranes is expected to be utilized by 31 March 2024.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2023 (2022: final dividend of HKD0.016 per share).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 March 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2023, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2023, the Group did not have any significant investment or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed around 1,353 employees who include the Directors of the Company and those of subsidiaries (2022: 1,207 employees). The total staff costs for the year ended 31 March 2023 was RMB108.8 million, an increase of 0.7% when compared with that for the year ended 31 March 2022. Such increase was mainly attributable to increase in number of staff headcount.

The Group offers its employees competitive remuneration packages based on their performance, qualifications, competence displayed and market comparable to attract, retain and motivate high quality individuals. Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses. The Group also provides trainings to its staff. Remuneration packages are reviewed regularly to reflect the market practice and employees' performance.

Employees of the Group in the PRC are entitled to participate in various PRC Government supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

IMPACT OF THE COVID-19 OUTBREAK

Although the PRC has relaxed pandemic prevention measures since December 2022, there has been a surge in the COVID-19 pandemic upon the reopening of borders, which have adversely affected our business operations in the year ended 31 March 2023. Despite this, we have continued to look for business opportunities in order to achieve sustainable growth, strengthen cost control and adopt appropriate measures to develop our businesses in the year ahead. The Company will continue to closely monitor the market conditions and take appropriate measures to capture business opportunities, lower operation risks and in turn achieve better operating results.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

Tat Hong Equipment (HK) Limited, a wholly-owned subsidiary of the Company, has been established by the Group on 18 May 2023. The total amount of share capital to be subscribed is HKD800,000.00, which is yet to be paid up as of 29 June 2023.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YAU Kok San (邱國燊) ("Mr. Yau"), aged 60, was appointed as an Executive Director and Chief Executive Officer of the Company on 28 November 2019. He is primarily responsible for devising the overall business development strategies and overseeing the day-to-day management and operations of the Group.

Mr. Yau joined our Group since June 2007. He is also a director of all the subsidiaries of the Group, namely Tat Hong Belt Road Pte. Ltd. ("**Tat Hong Belt Road**"), Jiangsu Hengxingmao Financial Leasing Co., Ltd.* (江蘇恒興茂融資租賃有限公司) ("**Jiangsu Hengxingmao**"), Shanghai Tat Hong Construction Services Co., Ltd.* (上海達豐建築服務有限公司) ("**Shanghai Tat Hong**"), Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.* (江蘇眾建達豐機械工程有限公司 (formerly known as 江蘇中建達豐機械工程有限公司)) ("**Zhongjian Tat Hong**"), Tat Hong Zhaomao Investment Group Co., Ltd.* (達豐兆茂投資集團有限公司) ("**Tat Hong Zhaomao**"), China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.* (中核華興達豐機械工程有限公司) ("**Huaxing Tat Hong**"), Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd.* (常州達豐兆茂機械工程有限公司) ("**Changzhou Tat Hong**"), Chongqing Tat Hong Machinery Construction Co., Ltd.* (重慶大峰建築工程機械有限公司) ("**Chongqing Tat Hong**"), Guangdong Tat Hong Machinery Construction Co., Ltd. (廣東達豐機械工程有限公司)("**Guangdong Tat Hong**") and Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd.* (江蘇融合達豐機械工程有限公司) ("**Ronghe Tat Hong**").

Mr. Yau has more than 15 years of experience in the tower crane solution service industry and has been operating the business of the Group since June 2007. Prior to joining the Group, he has over 21 years of experience in the areas of engineering, corporate finance and venture capitalism. He began his career by joining Chartered Industries of Singapore Pte. Ltd. in 1988 and left as a principal engineer in 1996. Subsequently, he was employed by Vertex Management (II) Pte. Ltd., a venture capital company based in Singapore, from 1996 to 2000, responsible for managing investment portfolios for various Chinese companies and left as an investment manager. From 2000 to 2003, Mr. Yau joined AdXplorer Pte. Ltd., serving as senior vice president as his last position and was responsible for devising company strategies in raising venture capitals for client companies across business platform. Thereafter from 2003 to 2007, Mr. Yau operated his own business specialising in corporate finance and consultancy services for small-sized companies. From July 2016 to November 2019, he had also served as chief executive officer at Tat Hong Equipment (China) Pte. Ltd. ("**Tat Hong China**"), one of the controlling shareholders of the Company.

Mr. Yau obtained a Technician Diploma in Mechanical Engineering from the Singapore Polytechnic in April 1982 and a Bachelor's Degree of Engineering (Mechanical) (1st Class Honours) from the National University of Singapore in June 1987. He also obtained a Master's Degree of Business Administration from the National University of Singapore in July 1996.

Mr. LIN Han-wei (林翰威) ("Mr. Lin"), aged 59, was appointed as an Executive Director and the Chief Operating Officer of the Company on 28 November 2019. He is primarily responsible for the establishment and optimisation of the day-to-day operations, in particular, overseeing the operational processes, resources allocation and cross-departmental cooperation of the Group.

Mr. Lin joined the Group in July 2009 as chief operating officer. He is also a director of seven subsidiaries of the Group, namely Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Chongqing Tat Hong, Ronghe Tat Hong, Tat Hong Belt Road and Guangdong Tat Hong.

Biographical Details of Directors and Senior Management

Mr. Lin has more than 24 years in corporate management and operations. Since 1997, he worked at Goyoyo Information Ltd. (悠游訊息有限公司) and left his position as the chief executive officer. He was responsible for devising business development plans, and raising fund for the operation of the company. In June 2003, he joined QilinSoft (China) Ltd. (麒麟遠創(中國)有限公司), responsible for a number of managerial duties including team building and business operation, and left in June 2008 as vice president and general manager of Beijing R&D centre. From June 2009 to November 2019, he served at Tat Hong China, one of the controlling shareholders of the Group, as assistant general manager (seconded to Shanghai Tat Hong). Since July 2021, Mr. Lin has been appointed a non-executive director of Horngshiue Holding Co., Ltd., a company listed on the Main Board of the Taiwan Stock Exchange (stock code: 2243).

Mr. Lin obtained a Master's Degree of Laws from the University of Pennsylvania in United States in 1990.

Non-executive Directors

Mr. NG San Tiong (黃山忠) ("Mr. Ng"), aged 70, is one of the controlling shareholders of the Company and was appointed as a Non-executive Director and Chairman of the Board on 28 November 2019. He is also the Chairman of the Nomination Committee of the Company. He is responsible for providing strategic advice to the Group, and developing and implementing business strategy; monitoring the performance of the senior management team, especially with regard to the progress made towards achieving the business strategy and objectives of the Group from time to time.

Mr. Ng has more than 45 years of experience in the engineering and tower crane solution service industry in Singapore. In 1976, he joined JTC Corporation (formerly known as Jurong Town Corporation) ("**JTC**"), a Singapore Government agency responsible for the development of industrial infrastructure, as a civil engineer. After leaving his employment in JTC in 1978, Mr. Ng jointly founded Tat Hong Holdings Ltd, one of the controlling shareholders of the Group, in January 1979 and has been the managing director and group chief executive officer of the company since October 1991.

In 2002, Mr. Ng was awarded the Public Service Medal (Pingat Bakti Masyarakat) at the National Day Awards by the Singapore Government. In 2007, he was named Businessman of the Year at the Singapore Business Awards by the Business Times and DHL Express. In 2009, he received the Best Chief Executive Officer Award of the Singapore Corporate Awards from the Institute of Singapore Chartered Accountants, the Singapore Institute of Directors and the Business Times. In 2010, he was awarded the Public Service Star (Bintang Bakti Masyarakat) of the National Day Awards by the Singapore Government. Mr. Ng was elected as the President of the 59th and 60th Councils of the Singapore Chinese Chamber of Commerce & Industry in 2017 and 2019 respectively.

Mr. Ng joined our Group since April 2006. He is also a director of seven subsidiaries of the Group, namely Changzhou Tat Hong, Huaxing Tat Hong, Jiangsu Hengxingmao, Shanghai Tat Hong, Tat Hong Zhaomao, Zhongjian Tat Hong and Tat Hong Belt Road. He is also a supervisor of Guangdong Tat Hong. He also serves as a director of Dayang (Shanghai) Commercial Consultancy Company Limited* (達陽(上海)商務諮詢有限公司) and a supervisor of Poxue (Shanghai) Management Consultancy Company Limited* (珀學(上海)管理諮詢有限公司). Apart from his position in the Group, Mr. Ng is also a director of Tat Hong Heavy Equipment (Pte.) Ltd., Tat Hong Plant Leasing Pte. Ltd., Leadpoint Pte. Ltd., Tutt Bryant Group Limited, Tutt Bryant Hire Pty. Ltd., BT Equipment Pty. Ltd., Tat Hong Plant Hire Sdn. Bhd., THAB Development Sdn. Bhd., THAB PTP Sdn. Bhd. and Tat Hong Heavy Equipment (Hong Kong) Limited.

Mr. Ng is the deputy chairman and a non-executive director of Yongmao Holdings Limited, a company listed on the Main Board of Singapore Exchange Limited (stock code: BKX) ("**Yongmao**") which principally engages in the manufacture of tower cranes since June 2007. Since August 2021, he has been appointed as a non-executive director of CSC Holdings Limited, a company listed on the Main Board of Singapore Exchange Limited (stock code: C06). From April 2015 to September 2021, he was an alternate director of Intraco Limited, a company listed on the Main Board of Singapore Exchange Limited (stock code: I06) which principally engages in trading and investment management.

Mr. Ng obtained a Bachelor's Degree of Science (Honours) from the Loughborough University of Technology in July 1976.

Biographical Details of Directors and Senior Management

Mr. SUN Zhaolin (孫兆林) ("Mr. Sun"), aged 67, was appointed as a Non-executive Director of the Company on 28 November 2019. He is responsible for providing strategic advice to the Group, developing and implementing business strategy. He joined our Group since April 2006. Mr. Sun is also a director of six subsidiaries of the Group, namely Tat Hong Zhaomao, Huaxing Tat Hong, Shanghai Tat Hong, Zhongjian Tat Hong, Jiangsu Hengxingmao and Changzhou Tat Hong.

Mr. Sun has more than 25 years of experience in the field of construction machinery manufacturing. He has founded and led various companies in the crane manufacturing industry. Mr. Sun is the chairman and executive director of Yongmao since February 2008. He has been a director of Fushun Yongmao Engineering Machinery Co., Ltd.* (撫順永茂工程機械有限公司) since 1996; Fushun Yongmao Industry and Trade Co., Ltd.* (撫順市永茂工貿發展有限公司) since 1997; Fushun Yongmao Industry Group Co., Ltd.* (撫順永茂實業集團有限公司) since 1997; and Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.* (北京永茂建工機械製造有限公司) since June 2006.

In July 2005, Mr. Sun received the Liaoning Province Outstanding Business Entrepreneur Award* (遼寧省優秀民營企業家) from the Liaoning Province Small-Medium Enterprise Association* (遼寧省中小企業聯合會). In April 2006, Mr. Sun received the Model Labour Award* (遼寧省勞動模範) for Year 2005 from Liaoning Province People's Government* (遼寧省人民政府). In February 2013, he was awarded the Outstanding Contribution Award for the Year 2012* (2012年度支持商會建設突出貢獻獎) by Fushun Municipal Association of Industry and Commerce* (撫順市工商業聯合會) and Fushun Municipal General Chamber of Commerce* (撫順市總商會). In April 2014, he was named Fushun Municipal Outstanding Entrepreneur* (撫順市優秀企業家稱號) by Fushun City Federation of Trade Unions* (撫順市總工會). Mr. Sun was also a Member of the 8th, 9th and 10th Liaoning Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議遼寧省委員會).

Mr. LIU Xin (劉鑫) ("Mr. Liu"), aged 37, was appointed as a Non-executive Director of the Company on 1 April 2021. He is responsible for providing strategic advice in operation of a digital machinery management platform.

Mr. Liu has more than 14 years of experience in the tower crane industry in the PRC, including experiences in the development and manufacture of tower cranes, and marketing, logistics and management of tower crane business. In July 2008, Mr. Liu commenced his employment with Zoomlion Heavy Industry Science and Technology Co., Ltd.* (中聯重科股份有限公司) ("**Zoomlion**") (Hong Kong Stock Exchange, Stock Code: 1157; Shenzhen Stock Exchange, Stock Code: 000157), a company established in the PRC which mainly engages in the research, development, manufacturing and sale of construction machinery and agricultural machinery. He first started as a welding technician of Zoomlion and was subsequently promoted to different positions at the Assembly Department, the Production Department, the Marketing Department, the Logistics Department and the Management Department. In October 2018, he joined Zoomlion Construction and Crane Machinery Co., Limited* (中聯重科建築起重機械有限責任公司), a subsidiary of Zoomlion, and is currently the assistant to general manager of the company, mainly responsible for strategic planning, production and sales planning, logistics management and digital operations of the company. During his career in the tower crane industry in the PRC, Mr. Liu participated in the development and manufacture of various tower crane models, and he was also responsible for the development and operation of a digital machinery management platform which mainly served to provide information about the conditions, working status, and repair and maintenance of machinery and equipment.

Mr. Liu obtained a Bachelor's Degree in Welding Technology and Engineering from the Harbin Institute of Technology in July 2008.

Biographical Details of Directors and Senior Management

Mr. Guo Jinjun (郭金君) ("Mr. Guo"), aged 51, was appointed as a Non-executive Director of the Company on 30 March 2022. He is responsible for providing strategic advice in contract management and bidding management.

Mr. Guo has more than 29 years of experience in the nuclear engineering industry. Since 1993, Mr. Guo has worked at China Nuclear Industry Huaxing Construction Company Ltd* (中國核工業華興建設有限公司) ("**China Nuclear Industry**"), being one of the shareholders of the Company, which is a subsidiary of China Nuclear Engineering and Construction Corporation Limited* (中國核工業建設股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601611) that is principally engaged in construction, nuclear and system engineering projects. He was first appointed as a Statistician in the Production Section and was promoted to the positions of Budget Officer and Deputy Manager of the Commerce Department for Qinshan Phase III Project of China Nuclear Industry. From September 2006 to June 2014, he served as the Functional Deputy Manager, Custom Center Manager and Deputy Chief Economist of the Nuclear Power Division. In June 2014, Mr. Guo served as a Deputy Manager at the Nuclear Power Department at China Nuclear Industry and was later promoted as the Deputy Manager of both the Bidding Department and the Nuclear Power Engineering Department in 2016. He is currently the General Manager of the Bidding Management Department and the Deputy Manager of the Nuclear Power Engineering Department at China Nuclear Industry, where he is mainly responsible for central procurement of subcontract material services as well as bidding of industry and finance projects of the company.

Mr. Guo graduated with a College Degree in Economic Management from East China University of Technology* (華東地質學院) in 1993. Subsequently, he obtained a Bachelor's Degree from the Dalian University of Technology in Construction Engineering Management* (大連理工大學建築工程管理) in 2011, and obtained a Master's Degree from the Jiangsu University in Industrial Engineering* (江蘇大學工業工程) in the same year.

Independent Non-executive Directors

Ms. PAN I-Shan (潘宜珊) ("Ms. Pan"), aged 46, was appointed as an Independent Non-executive Director of the Company on 15 December 2020. She also serves as the Chairlady of the Audit Committee and a member of the Remuneration Committee of the Company. She is responsible for providing independent advice to the Board and advising on corporate accounting and financial matters.

Since March 2010, Ms. Pan was certified as an accountant by the Financial Supervisory Commission of Taiwan. Ms. Pan is a certified public accountant admitted by the Taipei Certified Public Accountant Association since March 2014. She also holds a lecturer certificate issued by the Ministry of Education of Taiwan in April 2013.

Ms. Pan has more than 23 years of experience in audit and accounting. She was a senior auditor at PricewaterhouseCoopers Taiwan from September 1999 to February 2004 and was promoted to manager from August 2006 to August 2008, where she had gained experience and knowledge in business audit services. Subsequently from November 2009 to November 2011, Ms. Pan worked in KEDP CPAs Firm (Taiwan) as a certified public accountant, where she was responsible for business audit services and advising foreign enterprises and individuals on the setting-up and registration of bookkeeping system. From August 2012 to July 2013, Ms. Pan joined the Ching Kuo Institute of Management and Health as adjunct lecturer in accounting courses, and served as a chief accounting officer in the said institute from August 2012 to December 2013. At present, Ms. Pan is a partner of Onething CPAs Firm in Taipei which she founded in January 2015. Her practices include accounting advisory in relation to corporate finance, financial and general management between Taiwan and the PRC, business audit services, setting-up and registration of bookkeeping system, and other bookkeeping and consultation services.

Ms. Pan obtained a Bachelor's Degree in Accounting from the Chung Yuan Christian University in Taiwan in June 1998 and a Master's Degree of Business Administration in Accounting from the Fu Jen Catholic University in Taiwan in June 2006.

Biographical Details of Directors and Senior Management

Mr. WAN Kum Tho (尹金濤) ("Mr. Wan"), aged 56, was appointed as an Independent Non-executive Director of the Company on 15 December 2020. He also serves as the Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee of the Company. He is responsible for providing independent advice to the Board and advising on corporate governance matters.

Mr. Wan has more than 26 years of experience in the venture capital and private equity investment industry. From March 1996 to December 2004, he worked at Vertex Management (II) Pte. Ltd., a Singapore-headquartered venture capital company as an investment manager and served his last position as vice president. During his time with the company, he worked in offices in Singapore and the United States, primarily responsible for sourcing, evaluating and negotiating investment opportunities, analysing, monitoring and exiting from various portfolio companies, advising portfolio companies on development of business strategies, etc. He also helped to establish the company's activities in Israel. From January 2005 to May 2008, he worked at EEMS Asia Pte. Ltd. as vice president of finance and administration. He participated in strategic deliberations of the company and was responsible for all strategic decisions for the financial operation in Singapore and the overall operation of the company. Mr. Wan rejoined EEMS Asia Pte. Ltd. as Vice President of Strategic Planning and Administration from March 2009 to June 2010, during which he was in charge of rescheduling debt of the Asian operation, cost controlling, fund raising and negotiating management incentive structure with private equity investors in leading the effort for management buy-out attempts. From July 2010 to March 2014, Mr. Wan was a management committee member and an executive director (investment) of UOB Venture Management Pte. Ltd., responsible for scrutinising all investment recommendations. Mr. Wan joined Heliconia Capital Management Pte. Ltd. in April 2014 and left in December 2019 from his last position as Managing Director of Value Creation. From January 2020 to September 2021, he was an independent non-executive director of D'nonce Technology Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad (stock code: DNONCE) which principally engages in supply chain management and plastic products manufacture.

Mr. Wan is an independent director of AP Oil International Limited, a company listed on the Main Board of the Singapore Exchange Limited (Stock Code: 5AU) since January 2021. Mr. Wan is also an independent director of Nanofilm Technologies International Limited, a company listed on the Main Board of the Singapore Exchange Limited (stock code: MZH) which principally engages in the provision of nanotechnology solutions in Asia, since May 2021. From July 2019 to June 2023, he was an Adjunct Associate Professor at the National University of Singapore Business School.

Mr. Wan obtained a Bachelor's Degree of Business Administration from the National University of Singapore in July 1990. He completed the Berkeley Executive Program offered by the University of California, Berkeley in the U.S. in June 2002.

Dr. HUANG Chao-Jen (黃兆仁) ("Dr. Huang"), aged 60, was appointed as an Independent Non-executive Director of the Company on 15 December 2020. He also serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is responsible for providing independent advice to the Board and advising on business and investment matters.

Dr. Huang has more than 31 years of experience in international political economy, international business and relations, and foreign direct investment. From January 1991 to July 1992, Dr. Huang served as a senior staff at the Ministry of Foreign Affairs of Taiwan, where he was responsible for Taiwan-United States diplomatic and business exchanges, and economic and trade negotiations and affairs. From July 1998 to January 2005, Dr. Huang worked as an associate research fellow at the Taiwan Institute of Economic Research, in charge of Taiwan free trade agreement study, national southbound policy and establishing regular economic forums between Taiwan and other nations. In February 2005, he became deputy director of the institute, primarily responsible for Taiwan free trade agreement study, national southbound policy, cross-strait economic cooperation and Taiwan-Central America comprehensive economic cooperation. Dr. Huang was later in January 2008 promoted to director general of the institute and continued to promote economic affairs and cooperation for public and private sectors until he left his position in December 2011 and served as a research fellow from January 2012 to February 2012, focusing on study of new economic issues relating to regional and global concerns. Since July 2013, Dr. Huang has been the director general and distinguished research fellow of Commerce Development Research Institute in Taiwan, providing policy and strategic advices and reports to government authorities covering economic and commercial issues.

Biographical Details of Directors and Senior Management

Dr. Huang obtained a Bachelor's Degree of Arts in Diplomacy in July 1986 and a Master's Degree of Arts in International Law and Diplomacy in June 1991, both from the National Chengchi University in Taiwan. In July 1998, he obtained a Doctor's Degree of Philosophy in Politics from the University of York in the United Kingdom.

SENIOR MANAGEMENT

Ms. WANG Dandan (王丹丹) ("Ms. Wang"), aged 43, is the chief financial officer and senior deputy general manager of the Group, and the financial controller of the Company. She is primarily responsible for supervising the Group's finance activities, budgeting and forecasting, and all financial, treasury and taxation matters as well as financial planning, internal control and financial reporting of the Group. Ms. Wang joined the Group in June 2009 and is currently the financial controller of the Group. She is also a director of Huaxing Tat Hong and Guangdong Tat Hong, an operating subsidiary of the Group, and a supervisor of Ronghe Tat Hong and Chongqing Tat Hong, an indirect wholly-owned subsidiary of the Company.

Ms. Wang is a member of the Association of Chartered Certified Accountants and qualified as a chartered accountant of Singapore by The Institute of Singapore Chartered Accountants since January 2013 and July 2013, respectively.

Ms. Wang has more than 17 years of experience in the fields of audit, accounting and finance. Prior to joining the Group, she worked at Audit Alliance, a firm of certified public accountants in Singapore, from November 2005 to June 2009, where she initially served as an audit assistant and served in her last position as assistant manager in the Audit and Business Advisory Services Division. From June 2009 to December 2019, she served at Tat Hong China, one of the controlling shareholders of the Group, as finance manager (seconded to Shanghai Tat Hong). In June 2009, Ms. Wang joined the Group, primarily responsible for developing and maintaining policies and procedures related to the accounting function, including appropriate internal controls, as well as recruiting and training accounting staff in the department.

Ms. Wang obtained a Bachelor's Degree of Science (Honours) in Applied Accounting from the Oxford Brookes University in the United Kingdom in September 2012.

Mr. ZHU Hui (朱輝) ("Mr. Zhu"), aged 57, is the senior vice president of the Group and general manager of Huaxing Tat Hong, one of the operating subsidiaries of the Group. He joined the Group in July 2007 and was appointed as the general manager of Huaxing Tat Hong, the Group's subsidiary in April 2015. Mr. Zhu is primarily responsible for overseeing the daily business operation and management of the Group and Huaxing Tat Hong. Mr. Zhu is also a director of four subsidiaries of the Group, namely Huaxing Tat Hong, Chongqing Tat Hong, Ronghe Tat Hong and Guangdong Tat Hong. He was appointed as the chief operating officer of the Group since 1 December 2022 and responsible for equipment allocation, business collaboration and assistance, as well as staff training and others.

Mr. Zhu has over 35 years of experience in the construction industry. From December 1986 to January 2001, he joined the China Nuclear Industry, one of the Company's shareholders, as a construction staff, and has subsequently served as a worker, deputy head and head of department in the Material Division. He then joined China Nuclear Industry Huaxing Construction Co., Ltd.* (中國核工業華興建設公司) as a manager of Equipment Leasing Branch Company between March 2001 to June 2004. In June 2004, Mr. Zhu joined Jiangsu China Nuclear Huaxing Machinery Construction Co., Ltd* (江蘇中核華興建築機械施工有限公司), which was later renamed as Huaxing Tat Hong, as the assistant to general manager and also the manager of the Shanghai branch office. In September 2007, he was promoted to deputy general manager and was further promoted to general manager in April 2015.

Mr. Zhu obtained his tertiary education qualification in business administration from the Yangzhou University in Jiangsu, China in June 2004 and a Master's Degree in Executive Master of Business Administration from the Tongji University in China in December 2018. He was also qualified as a senior economist by the Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人力資源和社會保障廳) in November 2017. He was awarded the May 1st Labour Medal of Yangzhou, Jiangsu Province in May 2019, and was recognised as a senior engineer by Sichuan Province Department of Human Resources and Social Security* (四川省人力資源和社會保障廳) July 2022.

Biographical Details of Directors and Senior Management

Mr. SHEN Shiping (沈世平) ("Mr. Shen"), aged 64, is the chief engineer of the Group. He resigned as the general manager of Changzhou Tat Hong since 31 March 2023. He joined the Group in January 2010 and he is primarily responsible for overseeing different phases of the Group's tower crane service projects, including but not limited to installation, equipment maintenance or project development. Mr. Shen is also a director of three subsidiaries of the Group, namely Changzhou Tat Hong, Chongqing Tat Hong and Ronghe Tat Hong. He has been appointed as the chief safety officer of the Group since 1 May 2023, and is responsible for the Group's safety management, supervising related emergency response, safety incidents, improving safety construction and other safety matters.

Mr. Shen has over 23 years of experience in technical supervision, product development and project management in the construction industry and property development sector in the PRC. In December 1998, he ventured into the property development sector in the PRC and joined Guangzhou Xihua Industrial Development Company Limited* (廣州市錫華實業發展有限公司) as deputy general manager, responsible for the overall development, construction and designs of commercial and residential properties. From January 2009 to January 2010, he served the Guangzhou Saiwate Power Technology Co. Ltd.* (廣州市賽瓦特動力科技有限公司) as deputy general manager, responsible for supervising and overseeing the day-to-day business operation of the company.

In April 1990 and March 1993, Mr. Shen was awarded the third prize of the Sichuan Science and Technology Advancement Award* (四川省科學技術進步獎) for the years 1989 and 1992, respectively, by the Sichuan People's Government* (四川省人民政府). In October 1991, he received the first prize of the Technological Advancement Award* (科技進步獎) from the Sichuan Architectural Construction Head Company* (四川省建築工程總公司). In August 2009, Mr. Shen has obtained credentials as senior professional and technical position from the Sichuan Provincial Human Resources Department* (四川省人事廳) and was certified as a senior engineer in the construction machinery profession.

Mr. Shen obtained a tertiary qualification in construction machinery from the Sichuan Architecture Vocational Technology College in China in November 1982 and completed an advanced course in relation to business administration for entrepreneurs from the South China University of Technology in Guangzhou, China in June 2004.

Mr. SHI Jun (仕軍) ("Mr. Shi"), aged 50, is the head of research and development of the Group and the general manager of Ronghe Tat Hong, one of the operating subsidiaries of the Group. He joined the Group in June 2007 and was appointed as the general manager of Ronghe Tat Hong in August 2019. Mr. Shi is primarily responsible for overseeing the research and development of the Group and the daily business operation and management of Ronghe Tat Hong.

Mr. Shi has over 27 years of experience in the construction engineering and machinery industry. In July 1994, he joined China Nuclear Industry, one of the shareholders of the Group, as a machinery repair technician and later became a nuclear power station project technician in September 1997. In July 2000, he worked in China Nuclear Industry Group Huaxing Construction Company* (中國核工業集團華興建設公司) as a manager of the technical safety department. In June 2004, Mr. Shi joined Jiangsu China Nuclear Huaxing Machinery Construction Co., Ltd* (江蘇中核華興建築機械施工有限公司), which was later renamed as Huaxing Tat Hong, as a manager. In June 2007, he was promoted and worked as the vice general manager of Huaxing Tat Hong until he became the general manager of Ronghe Tat Hong in August 2019.

Mr. Shi obtained a tertiary qualification in agricultural engineering from the Nanjing Agricultural University in China in July 1994, and a Bachelor's Degree in mechanical design, manufacture and automation from the Hunan University of Science and Technology in China in December 2013. He obtained a Master's Degree in Executive Master of Business Administration from Xi'an Jiaotong University in July 2020.

Biographical Details of Directors and Senior Management

Mr. JIANG Tao (姜弢) ("Mr. Jiang"), aged 41, is the general manager of Zhongjian Tat Hong, one of the operating subsidiaries of the Group. Mr. Jiang is primarily responsible for financial planning, overseeing the daily business operation and management of Zhongjian Tat Hong.

Mr. Jiang has more than 16 years of experience in the tower crane solution service industry. In July 2006, he worked in Beijing Zhongjian Zhenghe Machinery Construction Co., Ltd.* (北京中建正和建築機械施工有限公司) as a regional supervisor. He joined the Group in July 2007 and was appointed as the regional manager of Jiangsu Zhenghe Tat Hong Machinery Rental Co., Ltd* (江蘇正和達豐機械租賃有限公司), which was later renamed as Zhongjian Tat Hong. In July 2010, he was promoted as a vice general manager of Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.*(江蘇中建達豐機械工程有限公司), which was later renamed as Zhongjian Tat Hong, until he became the general manager of Zhongjian Tat Hong in September 2022. Mr. Jiang is also a director of Ronghe Tat Hong, a subsidiary of the Group.

Mr. Jiang obtained a Bachelor's Degree in Mechanical Design, Manufacturing and Automation from the Shenyang Jianzhu University in China in July 2006.

Mr. LIU Yu Guang (劉玉光) ("Mr. Liu"), aged 43, is the general manager of Changzhou Tat Hong since 1 April 2023, one of the operating subsidiaries of the Group. Mr. Liu is primarily responsible for corporate management and supervision of daily business operations of Changzhou Tat Hong.

Mr. Liu has more than 19 years of experience in the tower crane solution service industry. In July 2003, he worked in Beijing Zhongjian Zhenghe Machinery Construction Co., Ltd.* (北京中建正和建築機械施工有限公司) as a program manager of the project management department. He joined the Group in July 2007 and was appointed as the Shanghai branch manager of Jiangsu Zhenghe Tat Hong Machinery Rental Co., Ltd* (江蘇正和達豐機械租賃有限公司), which was later renamed as Zhongjian Tat Hong, until he became the vice general manager in December 2010.

Mr. Liu obtained a Bachelor's Degree in Mechanical, Manufacturing and Automation from the Shandong University of Science and Technology in China in July 2003.

Saved as disclosed above, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationships with any other Director and chief executive).

Corporate Governance Report

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure.

CORPORATE GOVERNANCE CULTURE AND STRATEGIES

The Company recognises the importance of corporate culture which is essential to our operations and long-term success. The Company's culture is moulded by our core values. The Board has integrated these core values throughout the Company's strategies, mission, policies, objective, daily operation, as well as the behavior of employees.

Our culture is guided by our core values, which are (i) "Virtue (厚德)", meaning that we strive to be trustworthy and committed to (a) provide reliable services to our customers, (b) maximise our profit for our shareholders, (c) provide a platform for our personnel's sustainable career and personal development and (d) contribute to the development of the society; (ii), "Safety (安全)", meaning that we are dedicated to ensure (a) safety during our project execution, (b) safety of the surrounding environment of the project sites that we are engaged in, and (c) safety of our onsite workers; and (iii), "Excellence (卓越)", meaning that we (a) procure and deploy high quality tower cranes and parts, components and accessories, (b) offer cost-effective and all-rounded services to satisfy our customers' needs, and (c) promote management efficiency by implementation of various management systems.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– that our customers are provided with the most secure service;

– that maximum benefits for our shareholders is created;

– that a stable development platform is provided to our employees; and

– that the responsibility of green and harmonious development for the society is undertaken.

We believe by upholding our core values of "Virtue (厚德)", "Safety (安全)" and "Excellence (卓越)" together with our strong technical know-how and capabilities, we have successfully established our market position throughout our operational history and have maintained a stable, reputable and loyal customer base in the construction industry in the PRC.

The Company will conduct regular review and adjust (if necessary) our strategies by diligently monitoring the market shifts and demands, and we will take due adaptation and appropriate actions to foster the Group's sustainability.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted the code provisions as set out in the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the year ended 31 March 2023 and up to the date of this annual report, the Company had complied with all of the applicable code provisions of the CG Code. The Company is committed to the objective that the Board should include a balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors so that there is a strong independent element on the Board which can effectively exercise independent judgement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code in Appendix 10 to the Listing Rules. The Company, having made specific enquiry of all the Directors, confirmed that all Directors had complied with the required standard set out in the Model Code from the Listing Date and up to the date of this annual report and no incident of non-compliance by the Directors has been noted by the Company during the year ended 31 March 2023 and up to the date of this annual report.

COMPETING INTEREST

For the year ended 31 March 2023, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, the management, the shareholders of the Company (the "**Shareholder(s)**") and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Company and its subsidiaries (collectively the "**Group**") and any other conflict of interest.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters.

The management has been delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this annual report.

The Board currently consists of nine Directors, comprising two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. The biographical information of the Directors is set out under the section headed "Biographical Details of Directors and Senior Management" in this annual report.

Corporate Governance Report

Confirmation of Independence of Independent Non-Executive Directors

The Company has received a confirmation of independence from each of the Independent Non-executive Directors, namely Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen, pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-executive Directors are considered to be independent pursuant to the Listing Rules.

Chairman and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer are held separately by two individuals to ensure their respective independence, accountability and responsibility. Mr. Ng San Tiong is the Chairman of the Board and Mr. Yau Kok San is the Chief Executive Officer of the Company. Mr. Ng San Tiong is in charge of the management of the Board and responsible for proving strategic advice to the Group and developing and implementing business strategy of the Group. Mr. Yau Kok San is responsible for overseeing the operation of the management team and formulating business strategy and corporate development strategy of the Group. The Company considered that the division of responsibilities between the Chairman and Chief Executive Officer is clearly established.

Non-executive Director and Independent Non-executive Directors

The Non-executive Directors and the Independent Non-executive Directors are appointed for a specific term and they are also subject to the retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "**Articles of Association**").

The four Non-executive Directors and the three Independent Non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of the engineering industry, tower crane solution service industry, construction machinery manufacturing, nuclear construction, venture capital, private equity investment industry, audit and accounting, international political economy, international business and relations, foreign direct investment and nuclear engineering industry. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

Mechanisms for Independent View and Input

In order to ensure that independent views and input of the Independent Non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assessing the Independent Non-executive Directors' independence annually with regards to all relevant factors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as Independent Non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the Independent Non-executive Directors regularly without the presence of the Executive Directors.

Corporate Governance Report

Directors' Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of our Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. All Directors participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains sound and advances. Directors provide their records of training to the Company from time to time.

The attendance record of professional training received by the Directors for the year ended 31 March 2023 is as follows:

Name of Director	Nature of continuous professional development programmes
Mr. Yau Kok San	A/B/C
Mr. Lin Han-wei	A/B/C
Mr. Ng San Tiong	A/B/C
Mr. Sun Zhaolin	A/B/C
Mr. Guo Jinjun	A/B/C
Mr. Liu Xin	A/B/C
Ms. Pan I-Shan	A/B/C
Mr. Wan Kum Tho	A/B/C
Dr. Huang Chao-Jen	A/B/C

Notes:

A: Participating in online trainings from the Hong Kong Exchanges and Clearing Market Website.
B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances.
C: Participating in online seminars from external professional organizations.

Board Diversity Policy

The Board adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company believes that it will help strengthen the business development of the Company and enhance the effectiveness and performance of the Board. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will review this Board Diversity Policy, as appropriate, to ensure the effectiveness of this Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and propose matters to be discussed in the meeting agenda. The Board held a meeting on 25 November 2022 and, amongst other matters, considered and approved the unaudited interim results for the six months ended 30 September 2022.

Corporate Governance Report

During the year ended 31 March 2023, five Board meetings were held. The attendance record of each Director is set out in the table below:

Name of Directors	Attendance/Number of Board meetings held during a Director's tenure
Executive Directors	
Mr. Yau Kok San *(Chief Executive Officer)*	5/5
Mr. Lin Han-wei	4/5
Non-executive Directors	
Mr. Ng San Tiong *(Chairman)*	5/5
Mr. Sun Zhaolin	4/5
Mr. Guo Jinjun	5/5
Mr. Liu Xin	5/5
Independent Non-executive Directors	
Ms. Pan I-Shan	5/5
Mr. Wan Kum Tho	5/5
Dr. Huang Chao-Jen	5/5

General Meetings

One general meeting was held during the year ended 31 March 2023. The attendance record of each Director is set out in the table below:

Name of Directors	Attendance/Number of General Meeting held during a Director's tenure
Executive Directors	
Mr. Yau Kok San *(Chief Executive Officer)*	1/1
Mr. Lin Han-wei	1/1
Non-executive Directors	
Mr. Ng San Tiong *(Chairman)*	1/1
Mr. Sun Zhaolin	1/1
Mr. Guo Jinjun	1/1
Mr. Liu Xin	0/1
Independent Non-executive Directors	
Ms. Pan I-Shan	1/1
Mr. Wan Kum Tho	1/1
Dr. Huang Chao-Jen	1/1

Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the website of the Company (www.tathongchina.com) and the website of the Stock Exchange (www.hkexnews.hk) and are available to the Shareholders upon request.

Audit Committee

The Audit Committee operates under the terms of reference approved by the Board. It is the Board's responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls, risk management to deal with both the effectiveness and efficiency of significant business processes, safeguarding of assets, maintenance of proper accounting records, and reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated to the Audit Committee the responsibility for the establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group's management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen. Ms. Pan I-Shan is the chairlady of the Audit Committee.

During the year ended 31 March 2023, the Audit Committee mainly performed the following duties:

- reviewed our Group's the audited annual results for the year ended 31 March 2022 and the unaudited interim report for the six months ended 30 September 2022, and is of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

- reviewed the accounting principles and practices adopted by our Group, and recommended the appointment of the external Auditors; and

- assisted the Board in meeting its responsibilities for maintaining an effective system of internal control and risk management.

During the year ended 31 March 2023, two Audit Committee meetings have been held. The attendance record of each member of the Audit Committee is set out in the table below:

Name of Members of the Audit Committee	Attendance/Number of Audit Committee meeting held during a Director's tenure
Ms. Pan I-Shan *(Chairlady)*	2/2
Mr. Wan Kum Tho	2/2
Dr. Huang Chao-Jen	2/2

Corporate Governance Report

Remuneration Committee

The primary duties of the Remuneration Committee are to (i) develop and review the policies and the structure of the remuneration for the Directors and senior management; (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, the Directors and senior management; and (iii) evaluate and make recommendations on employee benefit arrangements. The Terms of Reference of the Remuneration Committee which were adopted by the Board on 15 December 2020 have been revised by the Board on 29 June 2023. The revised Terms of Reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange. The Remuneration Committee currently comprises three Independent Non-executive Directors, namely Mr. Wan Kum Tho, Ms. Pan I-Shan and Dr. Huang Chao-Jen. Mr. Wan Kum Tho is the chairman of the Remuneration Committee.

During the year ended 31 March 2023, the Remuneration Committee mainly performed the following duty:

- reviewed our Group's remuneration policy and reviewed the remuneration package of the Executive Directors and senior management for the year ended 31 March 2022.

During the year ended 31 March 2023, two Remuneration Committee meetings have been held. The attendance record of each member of the Remuneration Committee is set out in the table below:

Name of Members of the Remuneration Committee	Attendance/Number of Remuneration Committee meetings held during a Director's tenure
Mr. Wan Kum Tho *(Chairman)*	2/2
Ms. Pan I-Shan	2/2
Dr. Huang Chao-Jen	2/2

Pursuant to code provision E.1.5 of the CG Code, the details of any remuneration payable to members of senior management by band, fell within the following bands:

Remuneration band	Year ended 31 March 2023 *Number of individuals*
Nil to RMB1,000,000	2
RMB1,000,000 to RMB1,500,000	4

Nomination Committee

The primary functions of the Nomination Committee are to make recommendations to the Board in relation to the appointment and removal of Directors and senior management, and on matters of succession planning. In assessing the Board composition, the Nomination Committee will take into account various aspects set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge, reputation and gender. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

Corporate Governance Report

In identifying and selecting suitable candidates for directorships, the Nomination Committee will consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee currently comprises a Non-executive Director, Mr. Ng San Tiong, and two Independent Non-executive Directors, namely Mr. Wan Kum Tho and Dr. Huang Chao-Jen. Mr. Ng San Tiong is the chairman of the Nomination Committee.

During the year ended 31 March 2023, the Nomination Committee mainly performed the following duties:

- reviewed the annual confirmations of independence submitted by the Independent Non-executive Directors and assessed their independence;
- reviewed the structure, size and composition of the Board during the year ended 31 March 2022;
- reviewed the Board Diversity Policy; and
- reviewed the background of the retiring Directors and determined whether the retiring Directors continue to meet the criteria to be re-elected in the annual general meeting of the Company held on 28 September 2022, and made recommendations to the Board on the re-election of retiring Directors.

During the year ended 31 March 2023, one Nomination Committee meeting has been held. The attendance record of each member of the Nomination Committee is set out in the table below:

Name of Members of the Nomination Committee	Attendance/Number of Nomination Committee meetings held during a Director's tenure
Mr. Ng San Tiong *(Chairman)*	1/1
Mr. Wan Kum Tho	1/1
Dr. Huang Chao-Jen	1/1

Nomination Policy

The Board has reviewed its nomination policy on 29 June 2023 in accordance with the CG Code, which sets out the procedure for the election, appointment and re-appointment of Directors (the "**Nomination Policy**"). The Nomination Policy specifies certain selection criteria and the Board succession planning consideration.

Corporate Governance Report

The Nomination Policy is produced as follows.

1. In carrying out its duties, the Nomination Committee shall give adequate consideration to the following principles:

   (a) in relation to Board composition — the Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. It should include a balanced composition of Executive, Non-executive and Independent Non-executive Directors so that there is a strong independent element on the Board and independent judgment can be effectively exercised. Non-executive Directors and Independent Non-executive Directors should be of sufficient calibre and number for their views to carry weight; and

   (b) in relation to appointment, re-election and removal of Directors — there should be a formal, considered and transparent procedure for selection, appointment and reappointment of Directors, as well as plans in place for orderly succession for appointments (if considered necessary). It should ensure that changes to the Board composition can be managed without undue disruption. All Directors should be subject to re-election at regular intervals in accordance with the Articles of Association and the Listing Rules.

2. The criteria to be applied in considering whether a candidate is qualified shall be his/her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board (which includes but not limited to diversity in gender, age, experience, cultural and educational background, expertise, skills and know-how) as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

   (a) participating in Board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

   (b) taking the lead where potential conflicts of interests arise as Independent Non-executive Directors;

   (c) serving on the Audit, Remuneration, Nomination and other governance committees, if invited;

   (d) giving the Board and any committees on which he/she serves the benefit of his/her skills, expertise, varied backgrounds and qualifications through attendance and participation;

   (e) monitoring or scrutinising the Company's performance in achieving agreed corporate goals and objectives;

   (f) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate; and

   (g) if the candidate is proposed to be appointed as an Independent Non-executive Director, his/her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.

Corporate Governance Report

Director Nomination Procedure

Subject to the provisions of the Articles of Association and the Listing Rules, if the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.

Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to a general meeting in accordance with the Listing Rules.

Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association of the Company and applicable laws and regulations. The procedures for such proposal are stated as followed.

(a) Considering the current composition and size of the Board, and developing an appropriate list of functions of candidates, including specialized skills, experiences, cultural background and other suitable perspectives;

(b) Selecting suitable candidates through consulting various source, such as recommendations from existing Directors, independent agency firm and shareholders of the Company;

(c) Ensuring that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(d) Holding a meeting or delivering a written resolutions to the Board, to acquire and approve the recommendation for appointment after evaluating the suitability of the candidates;

(e) Providing the relevant information of the selected candidate to the remuneration committee of the Company for consideration of remuneration package of each selected candidate;

(f) Interviewing the selected candidate by the member of Board who are not members of the Nomination Committee, and the Board will thereafter decide the appointment;

(g) All appointment of Directors will be confirmed by the filing of the consent to act as Director, and filling the relevant forms under the requirements of the Companies Registry of Hong Kong. The announcement related to appointment should be published on the website of The Stock Exchange of Hong Kong Limited in accordance with the Listing Rule;

(h) In accordance with the articles of association of the Company and the Listing Rules, The selected directors will hold office until the first general meeting of the Company after the appointment and be subject to re-election at such meeting, and thereafter be subject to retirement by rotation and re-election at annual general meetings.

The Board will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. It is also responsible for reviewing the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2023. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the Independent Auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 92 to 96 of this annual report.

DIVIDEND POLICY

The Company has adopted a Dividend Policy which stated that in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder's value. The Board may determine and pay to the Shareholders such interim dividends as it considers appropriate, and recommend the payment of final dividends which are required to be approved by the Shareholders in general meetings.

In determining/recommending the frequency, amount and form of any dividend in any financial year/period, the Board shall consider the following factors:

– the actual and expected financial performance of the Group;

– economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

– the Group's business strategies and operations, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;

– the current and future liquidity position and capital requirements of the Group; and

– any other factors that the Board deems appropriate.

The Company does not have any pre-determined dividend payout ratio.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid or payable to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services provided to the Group for the year ended 31 March 2023 is set out below:

Services rendered	**Service Category Fees Paid/Payable** *RMB'000*
Audit service	2,680
Non-audit services	–

Corporate Governance Report

RISK MANAGEMENT

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management system and reviewing the effectiveness of such system on an ongoing basis and annual basis. The ultimate goal of our risk management process is to bring focus and effort to the risk issues in our business operations that create impediments to our success. Our risk management process starts with identifying the major risks associated with our corporate strategy, goals and business operation. We have adopted risk management policies to access our risks in terms of their likelihood and potential impact, and then prioritise and pair each risk with a mitigation plan. We provide training to our employees and encourage an all-embracing culture of risk management ensuring that all employees are aware of and responsible for managing risks. Each of our operating departments is responsible for identifying and analysing risks associated with its function.

Our audit personnel, the Audit Committee, and ultimately the Board supervise the implementation of our risk management policy at the corporate level by bringing together operating departments, which include the Research and Development Department, and the Procurement and Marketing Department, to collaborate on risk issues among different functions. They are responsible for evaluating potential market risks related to fluctuations in industrial environment and market variables, identifying irregularities in connection with operational, credit and market risks, and formulating policies and resolutions to mitigate or resolve these risks. For details about the qualifications and experience of the members of the Audit Committee of and the Board, please refer to the section headed "Biographical Details of Directors and Senior Management" in this annual report.

INTERNAL CONTROL

It is the responsibility of the Board to ensure that our Company maintains sound and effective internal controls to safeguard the Shareholders' investment and our Group's assets at all times and review the effectiveness of internal control system on an ongoing basis and annual basis. We have adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving effective and efficient operation, reliable financial reporting and compliance with applicable laws and regulations. The internal control system is designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. Highlights of our internal control system include the following:

Code of conduct

Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour.

Corporate Governance Report

Anti-corruption measures

We have internal anti-corruption policies and procedures in place to ensure our compliance with the relevant anti-corruption laws and regulations as well as to prevent the occurrence of bribery, corruption or fraudulent practice by our Directors and employees. Our internal anti-corruption policies and procedures include but not limited to (i) requiring the employees to report any conflict of interest situation prior to submission of tender and any time they became aware of a conflict of interest after a tender has been submitted; (ii) strictly prohibiting collusion with other companies or employees of other companies for tenders; (iii) requiring employees to avoid conflict of interest by not putting himself in a position of obligations towards the supplier, customers or tender receiver; (iv) strictly prohibiting paying or receiving bribes, kickbacks, luxury goods or monies from suppliers and paying expenses or donations for customers or any individuals; (v) requiring business entertainments to comply with internal policies, obtain prior approvals and file written forms internally; (vi) strictly prohibiting solicitation or acceptance of advantage from suppliers and customers for house renovation, wedding and funerals, arranging work for spouses or children, provide convenience for travel abroad and travelling; and (vii) strictly prohibiting the introduction of family and friends to customers and suppliers to engage in business activities together. We have also established parameters that serve as guidance for our employees to identify and report misconduct, and require new employees to go through anti-bribery training as part of their induction training. Employees who have violated the terms of our internal anti-corruption policies and procedures will be subject to penalties which include warnings, demotions, salary reduction and termination of employment. Those suspected of committing crimes will be reported to the relevant government or judicial authorities for investigation. Furthermore, any business partners that have violated our internal anti-corruption policies and procedures will be subject to termination of business cooperation and we reserve the right to seek investigation and damages. Our Directors have confirmed that during the year ended 31 March 2023 and up to the date of this annual report, they had not engaged in, and have not been aware of, any bribery, corruption or fraudulent practice by our Directors and employees. Our Directors have further confirmed that during the period from the Listing Date to the date of this annual report, as far as they are aware, our Group had not been subject to any anti-corruption claims or investigations by the relevant authorities.

Whistleblowing Policy

In compliance with code provision D.2.6 of the CG Code, the Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**") on 29 June 2022, which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures have been formulated to enable the Whistleblower to report to the Group directly (addressed to the Chairman of the Audit Committee of the Group) suspected improprieties.

INTERNAL AUDIT

Our internal audit function regularly monitors key controls and procedures in order to assure our management and Board that the internal control system is functioning as intended. The Audit Committee is responsible for supervising our internal audit function.

Audits are conducted according to the internal audit plan approved by the Audit Committee to review the Group's major operational, financial, compliance and risk management controls. During the process of the internal audits, the Audit Committee will identify internal control deficiencies and weaknesses and propose recommendations for improvements. Internal audit findings and control deficiencies are communicated to internal audit team and the management, who is responsible for ensuring that the deficiencies are rectified within a reasonable period. A follow-up review will also be performed to ensure that the remedial actions are implemented.

Corporate Governance Report

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard the Shareholder investments and Group assets. For the year ended 31 March 2023, the Board along with the Audit Committee has conducted a comprehensive review of the Company's risk management and internal control systems. The review has covered the fiscal year of 2023 and all material controls which include operational, financial and compliance controls, and considered the changes in the nature and extent of significant risks as well as the Company's ability to respond to changes in its business and the external environment. The Board considers that the Company has complied with the risk management and internal control provisions of the CG Code, and considers such systems are effective and sufficient. The Board has also reviewed the resources of accounting, internal audit and financial reporting functions, staff qualifications and experience, training programs and related budgets, as well as procedures related to financial reporting and compliance with the Listing Rules, and considered them effective and sufficient.

INSIDE INFORMATION

The Group is aware of its obligation under relevant sections of the Securities and Futures Ordinance and the Listing Rules. The Company has implemented procedures and internal controls for the handling and dissemination of inside information, which includes:

- having its own procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group;

- communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and

- conducting its affairs with close regard to the disclosure requirement under the Listing Rules and the related guidance.

COMPANY SECRETARY

Ms. Chan Tsz Yu ("**Ms. Chan**") was the Company Secretary of the Company from 1 April 2022 to 29 June 2022.

Ms. Chan resigned and Ms. Oh Sim Yee ("**Ms. Oh**") was appointed as the Company Secretary of the Company with effect from 29 June 2022. During the year ended 31 March 2023, Ms. Oh had undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

Ms. Oh is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over ten years of experience in the corporate secretarial field. She has been an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since 2017. In addition, she holds a Bachelor of Business Degree in Accounting from the Victoria University, Australia.

The primary contact person of Ms. Oh in the Company is Mr. Yau Kok San, an Executive Director of the Company.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings and other extraordinary general meetings.

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The website of the Company (www.tathongchina.com) provides comprehensive and accessible news and information of the company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform the Shareholders and investors of the latest development of the Company.

The Board has conducted an annual review on the implementation and effectiveness of our Shareholders' Communication Policy, and concluded that this Policy has been implemented effectively during the reporting period.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to article 58 of the Articles of Association, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board shall fail to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Companies Law of the Cayman Islands for the Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director, please refer to the "Procedures For Shareholders To Propose A Person For Election As A Director Of The Company" which is posted on the website of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, the Shareholders may send written enquiries to the Company. The Company normally will not deal with verbal or anonymous enquiries.

Corporate Governance Report

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 40/F., Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
(For the attention of the Board of Directors)

Email: shareholder.enquiry@tathongchina.com

For the avoidance of doubt, the Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2023, the Company has made some amendments to its Memorandum and Articles of Association in order to comply with the Core Shareholder Protection Standards as set out in the amended Appendix 3 of the Listing Rules which took effect on 1 January 2022 and to incorporate the housekeeping amendments to the Memorandum and Articles of Association. The second amended and restated Memorandum and Articles of Association was adopted by a special resolution passed in the annual general meeting on 28 September 2022. A copy of the second amended and restated Memorandum and Articles of Association of the Company is available on the websites of the Company and the Stock Exchange.

For details of the above-mentioned amendments to the Memorandum and Articles of Association, please refer to the circular of the Company dated 27 July 2022.

Report of the Directors

The directors of the Company (the "**Directors**") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group are principally engaged in one-stop tower crane solution services ranging from consultation, technical solution design, commissioning, construction to after-sale service primarily to the State Owned Special-tier and Tier 1 and 2 contractors in the People's Republic of China (the "**PRC**"). Particulars of the principal subsidiaries of the Company are set out in Note 16 to the consolidated financial statements.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 March 2023 are set out in the consolidated statement of comprehensive income on page 97 of this annual report.

DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2023 (2022: final dividend of HKD0.016 per share).

ANNUAL GENERAL MEETING

The 2023 AGM of the Company is scheduled to be held on Thursday, 28 September 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 25 September 2023 to Thursday, 28 September 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 AGM, all transfer forms accompanied by relevant share certificates must be lodged for registration with Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 22 September 2023.

Report of the Directors

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the section headed "Chairman's Statement" as well as the section headed "Management Discussion and Analysis" of this annual report respectively.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the applicable laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its adverse environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

Detailed information on the environmental, social and governance practices adopted by the Group is set out in the section headed "Environmental, Social and Governance Report" of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five years ended 31 March 2023 are set out on page 166 of this annual report. The summary does not form part of the audited consolidated financial statements of the Company.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 March 2023 are set out in Note 27 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 March 2023 are set out in the consolidated statement of changes in equity and Note 28 and Note 38 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 March 2023 are set out in Note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2023, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB475.2 million (as at 31 March 2022: approximately RMB517.8 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2023 are set out in Note 31 to the consolidated financial statements.

Report of the Directors

RETIREMENT BENEFIT SCHEME

The Group participated in various retirement schemes in accordance with the relevant rules and regulations in the PRC. Details of pension obligations of the Group during the year ended 31 March 2023 are set out in Note 2.18 to the consolidated financial statements.

The Group's subsidiary in Singapore also participated in a defined contribution scheme operated by Central Provident Fund in Singapore. The expenses recognised in the subsidiary represent contributions paid and payable to the plan by the subsidiary at rates specified in the rules of the plan.

The Central Provident Fund is a compulsory savings scheme and provides the functions of social security, which is primarily used to fund employees' retirement, housing, insurance, education or healthcare needs. The employee and employer both have to contribute to this fund.

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the "Share Option Scheme", no equity-linked agreements have been entered into by the Company during the year ended 31 March 2023 or subsisted at the end of the year.

DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors:

Mr. Yau Kok San *(Chief Executive Officer)*
Mr. Lin Han-wei *(Chief Operating Officer)*

Non-executive Directors:

Mr. Ng San Tiong *(Chairman)*
Mr. Sun Zhaolin
Mr. Liu Xin
Mr. Guo Jinjun

Independent Non-executive Directors:

Ms. Pan I-Shan
Mr. Wan Kum Tho
Dr. Huang Chao-Jen

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

Information regarding Directors' emoluments is set out in Note 13 to the consolidated financial statements.

Report of the Directors

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence and considers that each of the Independent Non-Executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules for the year ended 31 March 2023.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors has entered into a service contract with the Company for a term of three years, commencing from date of appointment until terminated by either party giving not less than three months' notice in writing to the other and subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company (the "**Articles of Association**"). Their emoluments were determined by the Board on the recommendation of the Remuneration Committee by reference to their experience, responsibilities and duties with the Company and shall be reviewed annually by the Remuneration Committee and by the Board.

Save as disclosed above, none of the Directors has a service contract or a letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EMOLUMENTS POLICY

The Group remunerates its employees, including the Directors, on the basis of their merit, qualifications and competence. The Group's employees are subject to regular job performance reviews which determine their promotion prospects and compensation. Subject to the Group's profitability, the Group may also provide discretionary bonuses to its employees as an incentive for their contribution to the Group.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals in the Group for the year ended 31 March 2023 are set out in Note 13 to the consolidated financial statements. None of the Directors waived any emoluments during the year ended 31 March 2023.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of the Company's shareholders and Directors passed on 15 December 2020 which took effect upon 13 January 2021 (the "**Listing Date**"). The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to grant share options to eligible persons as incentives or rewards for their contributions to the Group.

2. Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

The Board may, subject to and in accordance with the provisions of the Share Option Scheme and the Listing Rules, at its discretion grant options to any full-time or part-time employees of the Company or any member of the Group, including any Executive Directors, Non-executive Directors and Independent Non-executive Directors, advisers, consultants of the Company or any of our subsidiaries.

3. Maximum number of Shares available for the Share Option Scheme and percentage to the issued Shares as at the date of this annual report

116,687,125 Shares (equivalent to 10% of the total number of Shares in issue as at the Listing Date).

4. Maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of the options granted to a participant under this scheme or any other share option schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time. Any further grant of share option in excess of such limit must be separately approved by the Shareholders in general meeting.

Report of the Directors

5. The period within which the Shares must be exercise under an option

A period which shall not be more than ten (10) years from the date of the grant of option and subject to the provisions for lapse of option as contained in the Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Board, there is no performance target required to be achieved and no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

7. The amount payable an application or acceptance of the option and the period offered for acceptance

Upon acceptance of the option, the eligible person shall pay HKD1.00 (or such other nominal sum in any currency as the Board may determine) to the Company as consideration for the grant thereof. The share option offer shall be offered for acceptance by the eligible person concerned for a period not less than 5 business days from the date on which the offer is made, except for any offer which is made within last five trading days of the life of this Share Option Scheme, the offer shall remain open for acceptance on a business day by the eligible person concerned for a period of not longer than the remaining life of this scheme.

8. The basis of determining the exercise price

To be determined by the Board and shall be a least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (c) the nominal value of a share on the offer date.

9. The remaining life of the Share Option Scheme

The Share Option Scheme is valid and effective for a period of ten (10) years commencing on the Listing Date.

As at 1 April 2022 and 31 March 2023, the number of option available for grant under the Share Option Scheme was 116,687,125. No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and up to the date of this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2023, the Group had entered into the following continuing connected transactions:

Agreement	Date of agreement	Description of continuing connected transactions	Parties to agreement	Term	Annual cap	Transaction amount for the year ended 31 March 2023
Yongmao Master Agreement	22 December 2020	(i) Purchase tower cranes and related parts and components from Yongmao Group; and (ii) Rent tower cranes and related parts and components from Yongmao Group	(i) Yongmao Group; and (ii) the Group	From the Listing Date to 31 March 2023	(i) For the year ended 31 March 2022 shall be RMB109.8 million (ii) For the year ended 31 March 2023 shall be RMB107.8 million	RMB55.1 million

Report of the Directors

As at 31 March 2023, Tat Hong Holdings, one of our controlling Shareholders, owns approximately 24.0% of Yongmao whereas Sun & Tian Investment Pte. Ltd. ("**Sun & Tian**") owns approximately 57.4% of Yongmao. Sun & Tian is wholly owned by Mr. Sun Zhaolin ("**Mr. Sun**"), a Non-executive Director of the Company, and his family members. Mr. Sun is the chairman and executive director of Yongmao.

By virtue of Sun & Tian holding approximately 57.4% of Yongmao and Mr. Sun being a Non-executive Director, Yongmao is considered as an associate of Mr. Sun and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the Yongmao Master Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, all Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's Auditor has been engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued a letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules, and concluded that such transactions:

(1) have been approved by the Board;

(2) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(3) have an aggregate amount not exceeding the relevant cap disclosed in prospectus of the Company dated 30 December 2020.

A copy of the Auditor's letter on the continuing connected transactions of the Group for the year ended 31 March 2023 has been provided by the Company to the Stock Exchange.

The related party transactions mentioned in Note 37 to the consolidated financial statements constitute connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the year ended 31 March 2023 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

Report of the Directors

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 to the Listing Rules on the Stock Exchange were as follows:

(A) Long position in the Shares

Name of Directors	Capacity	Number and class of securities held/ interested	Approximate percentage of shareholding in the Company
Mr. Ng San Tiong ("**Mr. Ng**") *(Note 1)*	Trustee	802,190,387 ordinary Shares	68.75%
Mr. Yau Kok San	Beneficial owner	4,957,135 ordinary Shares	0.42%
Mr. Lin Han-wei ("**Mr. Lin**") *(Note 2)*	Beneficiary of a trust	4,906,118 ordinary Shares	0.42%

(B) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Approximate percentage of interest
Mr. Ng *(Note 1)*	Chwee Cheng & Sons Pte Ltd. ("**Chwee Cheng & Sons**")	Trustee Beneficial owner	39.50% 11.33%

Notes:

1. Tat Hong China Equipment (China) Pte. Ltd. ("**Tat Hong China**") directly held approximately 67.90% of the issued capital of the Company and held 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015 Pte. Ltd. ("**TH Straits 2015**"). Tat Hong China is owned as to approximately 88.40% by Tat Hong International Pte. Ltd. ("**Tat Hong International**") and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee, as joint trustees of the Chwee Cheng Trust (an irrevocable discretionary trust established by Mr. Ng's father, with Mr. Ng and his family members as beneficiaries and Mr. Ng, Ng Sun Ho, Ng San Wee and Ng Sun Giam Roger as the joint trustees), owns approximately 39.50% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments Pte. Ltd. ("**TH60 Investments**"), which in turn owns approximately 70.79% of the shares of THSC Investments Pte. Ltd. ("**THSC Investments**"), which in turn owns 100% of the shares of Tat Hong Holdings Ltd. ("**Tat Hong Holdings**"), which in turn owns 100% of the shares of Tat Hong International. By virtue of the SFO, each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.

2. As at 31 March 2023, these Shares are held by Maples Trustee Services (Cayman) Limited, which is the trustee of the Straits Trust, a trust established by TH Straits 2015 on 24 March 2022 for the employee benefit scheme. After the reporting period, these Shares have been transferred to Mr. Lin by the trustee, and are beneficially owned by Mr. Lin since 26 April 2023.

Save as disclosed above, as at 31 March 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors and chief executive of the Company are aware, as at 31 March 2023, the following Shareholders (other than the interests of the Directors and the chief executives of the Company) had interests in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be kept under Section 336 of the SFO:

Long position Shares, underlying Shares and debentures

Name	Capacity/Name of Interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Tat Hong China *(Note 1)*	Beneficial owner and interest in controlled corporations	802,190,387 Shares	68.75%
Tat Hong International *(Note 1)*	Interest in controlled corporations	802,190,387 Shares	68.75%
Tat Hong Holdings *(Note 1)*	Interest in controlled corporations	802,190,387 Shares	68.75%
THSC Investments *(Note 1)*	Interest in controlled corporations	802,190,387 Shares	68.75%
TH60 Investments *(Note 1)*	Interest in controlled corporations	802,190,387 Shares	68.75%
Chwee Cheng & Sons *(Note 1)*	Interest in controlled corporations	802,190,387 Shares	68.75%
Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee *(Note 1)*	Trustee	802,190,387 Shares	68.75%
Zoomlion International Trading (H.K.) Co., Limited *(Note 2)*	Beneficial owner	87,476,000 Shares	7.50%
Zoomlion H.K. Holding Co., Limited *(Note 2)*	Interest in controlled corporations	87,476,000 Shares	7.50%
Zoomlion Heavy Industry Science and Technology Co., Limited *(Note 2)*	Interest in controlled corporations	87,476,000 Shares	7.50%
PHILLIP CAPITAL (HK) LIMITED *(Note 3)*	Beneficial owner	64,738,000 Shares	5.55%
LIM Hua Min *(Note 3)*	Interest in controlled corporations	64,738,000 Shares	5.55%

Report of the Directors

Notes:

1. Tat Hong China directly held approximately 67.9% of the issued capital of the Company and held 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015. Tat Hong China is owned as to approximately 88.40% by Tat Hong International and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee, as joint trustees of the Chwee Cheng Trust, owns approximately 39.50% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments, which in turn owns approximately 70.79% of the shares of THSC Investments, which in turn owns 100% of the shares of Tat Hong Holdings, which in turn owns 100% of the shares of Tat Hong International. By virtue of the SFO, each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.

2. Zoomlion International Trading (H.K.) Co., Limited is wholly owned by Zoomlion H.K. Holding Co., Limited, which is in turn wholly owned by Zoomlion Heavy Industry Science and Technology Co., Limited. By virtue of the SFO, each of Zoomlion H.K. Holding Co., Limited, Zoomlion Heavy Industry Science and Technology Co., Limited is deemed to be interested in the same number of Shares in which Zoomlion International Trading (H.K.) Co., Limited is interested.

3. PHILLIP CAPITAL (HK) LIMITED is owned as to 85% by LIM Hua Min. By virtue of the SFO, LIM Hua Min is deemed to be interested in the same number of Shares in which PHILLIP CAPITAL (HK) LIMITED is interested.

Save as disclosed above, as at 31 March 2023, the Directors are not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries, is a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year ended 31 March 2023.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges the importance to maintain good relationship with its employees, customers and suppliers for the achievement of its short-term and long-term business objectives. For the year ended 31 March 2023, there was no serious and material dispute between the Group and its employees, customers and suppliers.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2023, the Group's largest customer and five largest customers accounted for 13% (2022: 20%) and 45% (2022: 46%) of the Group's total revenues respectively. During the year ended 31 March 2023, the Group's largest supplier and five largest suppliers accounted for 22% (2022: 25%) and 54% (2022: 69%) of the Group's total purchases respectively.

During the year ended 31 March 2023, none of the Directors or any of their respective associates or any shareholder which to the best knowledge of the Directors, who own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2023.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions and Continuing Connected Transactions" or otherwise disclosed in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which any (i) Director or his/her connected entity or (ii) controlling shareholders or any of their subsidiaries had a material interest subsisted, either directly or indirectly, as at 31 March 2023 or at any time during the year ended 31 March 2023.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2023, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

USE OF PROCEEDS

Details of the use of proceeds from the listing of shares on the Main Board of the Stock Exchange is set out in the section headed "Management Discussion and Analysis — Use of Proceeds from the Listing" of this annual report.

CHARITABLE DONATION

During the year ended 31 March 2023, the Group did not make any charitable donation (31 March 2022: RMB240,000).

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty.

In addition, the Company has maintained appropriate directors and officers liability insurance cover for the directors and officers of the Company and its subsidiaries.

CORPORATE GOVERNANCE

Our Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The Company had complied with applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules since the Listing Date to 31 March 2023 and up to the date of this annual report. Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on the information publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient public float as required under the Listing Rules.

Report of the Directors

NON-COMPETITION UNDERTAKING

In order to avoid any future competition among our Group with the Chwee Cheng Controlling Shareholder Group (the members of which include Mr. Ng, Ng Sun Ho, Ng San Wee and Ng Sun Giam Roger (as the trustee of the Chwee Cheng Trust), Ng Sun Ho, Mr. Ng, Ng Chwee Cheng, Ng Sun Hoe, Ng Sang Kuey, Ng San Guan, Ng Sun Wee, Ng Sun Giam Roger, Ng Sun Eng and Ng Sun Oh), Chwee Cheng & Sons, TH60 Investments, THSC Investments, Tat Hong Holdings, Tat Hong International, TH Straits 2015 and Tat Hong Equipment (China)) (collectively, the "**Controlling Shareholders**"), on 22 December 2020, the Controlling Shareholders as covenantors (each of them, a "Covenantor" and collectively, the "**Covenantors**") executed a deed of non-competition dated 22 December 2020 in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries) (the "**Deed of Non-Competition**").

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, among others, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed on the Stock Exchange; or (ii) the date on which the Covenantors cease to be a Controlling Shareholder, it will not, and will use its best endeavours to procure any Covenantor, its close associates (collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (the "**Controlled Company**") not, either on its own or in conjunction with or on behalf of any person, firm or any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, among other things, carry on, participate or be interested in, hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent, or otherwise and whether for profit, reward, interest or otherwise), engage in, acquire or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on or contemplated to be carried on by the Company or any of its subsidiaries in Hong Kong, the PRC and such other places as the Company or any of its subsidiaries may conduct or carry on business from time to time in the future (the "**Restricted Business**"); and such further undertakings including but not limited to referring any and all new business opportunities in connection with the Restricted Business, non-disclosure of any confidential or trade-sensitive information of the Group; non-solicitation of customers; and conduct of conflict checks with its customers etc. Details of the Non-competition Deed are set out in the paragraph headed "Non-Competition Undertaking" in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 30 December 2020.

The Company has received the annual written declaration signed by each of the Controlling Shareholders declaring, inter alia, that he/it had complied with the terms of the Deed of Non-competition during the year ended 31 March 2023 for disclosure in this annual report (the "**Declaration**").

The Independent Non-executive Directors have reviewed the Declaration and the implementation of the Deed of Non-Competition during the year ended 31 March 2023 and confirmed that they are not aware of any non-compliance of the Deed of Non-competition by the Controlling Shareholders during the financial year ended 31 March 2023. The Independent Non-executive Directors had not been called to make any decisions in relation to any Restricted Business during the year ended 31 March 2023 and up to the date of the Declaration.

DIRECTOR' INTEREST IN COMPETITIVE BUSINESS

During the year ended 31 March 2023 and up to the date of this annual report, the Directors are not aware of any business or interest of Directors (other than the Independent Non-executive Directors) nor Controlling Shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

EVENTS AFTER THE REPORTING PERIOD

Details of other significant events after the balance sheet date are set out in Note 39 to the consolidated financial statements.

Report of the Directors

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen. Ms. Pan I-Shan is the Chairlady of the Audit Committee. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 March 2023.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2023 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who shall retire at the 2023 AGM of the Company. A resolution for re-appointment of the independent auditor of the Company will be proposed at the 2023 AGM.

On behalf of the Board

Mr. Ng San Tiong
Chairman
Hong Kong/the PRC
29 June 2023

Environmental, Social and Governance Report

ABOUT THE REPORT

ABOUT THE REPORT

Tat Hong Equipment Service Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**" or "**We**") are pleased to publish the 2023 Environmental, Social and Governance (ESG) Report (the "**ESG Report**"). This is our third ESG Report. This ESG Report provides stakeholders with an overview of the Group's vision, management and practices in relation to environmental and social sustainability. For more information on the corporate governance of the Group, readers may refer to the "Corporate Governance Report" section of this Annual Report or visit the website of the Group.

Scope of the Report

Unless otherwise stated, this ESG Report covers the period from 1 April 2022 to 31 March 2023 (the "**Reporting Period**" or the "**Year**"). This ESG Report covers the day-to-day operations and discloses environmental and social key performance indicators ("**KPIs**") of the Group and its subsidiaries. The reporting scope of environmental key performance indicators is the same as the reporting scope of the ESG report of the previous year. The subsidiary of the Group established in February 2023, namely Guangdong Tat Hong Machinery Construction Co., Ltd. (廣東達豐機械工程有限公司), is not included in the scope of this data aggregation, which is due to that this subsidiary has not officially operated in the Year, and its data will be counted in the next reporting period.

Note on Report Name

The terms "Group", "we" and "us" in this ESG Report refer to Tat Hong Equipment Service Co., Ltd. and its subsidiaries, and the term "Company" refers to Tat Hong Equipment Service Co., Ltd. for the convenience of presentation and reading.

Reporting Guide

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), with reference to the mandatory disclosure and "comply or explain" provisions set out in the Guide. This ESG Report also adheres to the reporting principles of "materiality", "quantification", "balance", and "consistency".

Materiality: This ESG Report identifies relevant Environmental, Social and Governance ("**ESG**") issues and materiality assessments through stakeholder questionnaires, to provide an important basis for Board governance.

Quantification: The environmental and social KPIs disclosed in this ESG Report can be measured and compared with the previous year's KPIs, with changing data elaborated.

Balance: This ESG Report objectively and truly mirrors the Group's ESG performance.

Consistency: This ESG Report makes reliable comparisons with the previous year's data using the statistical and disclosure methods consistent with the 2022 ESG Report.

Data Description

The data used in this ESG Report includes data related to the Company and its subsidiaries. The Group provides reasonable assurance that this ESG Report contains no false statements, misleading statement or material omission.

Publication Method

This ESG Report is published in Chinese and English. In the event of any discrepancy, the Chinese version shall prevail. The electronic manuscript of this ESG Report is available at the website of the Group at www.tathongchina.com.

Contact Information

The company values your views on this ESG Report and should you have any queries or suggestions, please feel free to email them to ESG.enquiry@tathongchina.com.

Environmental, Social and Governance Report

1. DIRECTORS' DECLARATION

The directors of the Group are convinced that good ESG Practice is an important cornerstone for sustainable corporate development that is integrated into our strategic decisions and day-to-day operations. The Reporting Period marked a challenging year with a complex external environment and pandemic resurgences that had a negative impact on all industries and the society. Upholding our core values of "virtue, safety and excellence", we integrate sustainable business development into the strategic business planning for the long-term corporate development, and incorporate climate issues and ESG into all aspects of our operations, supply chain management, customer service and communities. In close contact with our stakeholders, the Group listens to shareholders, customers, suppliers and professional partners, develops with employees, and takes on greater social responsibility.

The Board plays its part as a leader, decision-maker and supervisor in ESG governance. The Board has formulated strategic ESG decisions at the Group level to ensure that the ESG strategy accurately reflects the Group's core values, and clarifies the goal and vision of the Group's long-term and short-term sustainable development. The Board has established a three-tier ESG governance architecture with defined management roles and responsibilities at each level, to communicate the Group's ESG approach and implement the ESG strategy in a top-down manner. The Board regularly monitors the Group's ESG performance and adjusts its action plans accordingly, to ensure that the Group's ESG risk management and internal control systems are effective, reasonable and controllable. The Board has set environmental qualitative targets in accordance with the requirements of the Guide of the Stock Exchange. The Board has reviewed and discussed the targets, and has approved and confirmed the results of the ESG materiality issues, and will monitor the progress towards the targets on an ongoing basis. The Board is aware that it is responsible for the integrity of this ESG Report. To the best of the Board's knowledge, this ESG Report has addresses all relevant material issues and fairly presents the Group's ESG performance during the Reporting Period. This ESG Report has been approved by the Board and published on June 29, 2023.

During the year, the Board focused on reviewing the following core work and progress:

Health and safety of products and services: The Group stays committed to purchasing high quality tower cranes and spare parts. We manage and operate our services in a centralized and efficient manner through an internally developed integrated information system. It provides cost-effective and comprehensive services that cater to the needs of our customers and maintain high management efficiency.

Employee training and development: The Group is keenly aware that employees are at the fore of corporate development. In order to speed up the training of talents, we invite external professionals to provide professional training to improve their skills and quality as part of their career development.

Energy conservation and emission reduction: The Group has responded to the goals of carbon peaking and carbon neutrality by setting environmental targets and management measures that are in alignment with the Group's energy conservation and emission reduction efforts, so as to cope with the risks and embrace opportunities arising from climate change.

Compliance with laws and regulations: The Group complies with all the laws and regulations relating to products, services, employment and environment in its operations, and practises anti-corruption and integrity policies and systems, so as to maintain standardized corporate management and to mitigate operational risks.

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In 2021, the Board has established an ESG Task Force responsible for implementing the ESG governance strategy, headed by the chief executive officer of the Group who is responsible for the overall planning of the Group's ESG-related issues, developing and reviewing the Group's ESG framework, policies and responsibilities and implementing ESG work in daily operations; reviewing the Group's ESG strategic decisions in operations; identifying the ESG risks and opportunities facing the Group; reporting and making recommendations to the Board on major ESG issues; overseeing the implementation of ESG strategies and coordinating the resources required; assessing the Group's ESG performance against targets annually and proposing reasonable and effective improvement plans; and reporting regularly to the Board. This ESG Task Force is required to identify ESG strategies and objectives, assess the materiality of the identified ESG objectives, priorities the identified ESG objectives by their materiality, and execute according to the Group's ESG initiatives. This ESG Task Force assesses the identified ESG objectives annually, revises ESG objectives that differ materially in accordance with the Group's internal policies and the external environment, and reports to the Board for its approval before implementing the ESG objectives.

This ESG Task Force, under the authorization of the Board, promotes the specific work of ESGs in conjunction with the heads of functional departments of the Group headquarters and subsidiaries. These heads of functional departments actively cooperate with the Board of Directors and support the plans and objectives of the ESG Task Force, assist in the collection and assessment of ESG KPI data, and assist the ESG Task Force in the analysis of ESG data variance and feedback to the functional departments, and review and implement the ESG improvement plan. This ESG Task Force works closely with all functional departments in the promotion process to support the ESG work of the Group.

Collaboration across the Group is essential for achieving ESG objectives. Without the contribution of the employees, customers, suppliers, professional partners and the community, ESG policies and activities cannot be implemented. We invite our employees, suppliers, customers, professional bodies, financial institutions, trade unions and the general public to participate in stakeholder surveys to better understand the needs and expectations of our stakeholders. We also maintain regular communication with them to continuously improve and promote the Group's ESG efforts and take on more social responsibility.

This is the second year that the Group has started data aggregation, and the Board of Directors has decided to continue to maintain the qualitative target. If the data for next year is stable, we will set the benchmark annual data based on the three-year data collection:

Since the majority of the Group's environmental impact comes from motor fuel emissions in our daily operations and from water, electricity and paper consumption in daily office operations, the following environmental qualitative indicators have been established:

1) Reduction in emissions of air pollutants such as sulphur oxides, nitrogen oxides and particulate matter;
2) Reduction of greenhouse gas emissions;
3) Reduction of waste emissions;
4) Reduction in water and electricity use as well as paper use; and
5) Achievement of zero environmental violations.

Qualitative social objectives:

1) No major safety-related accident;
2) A programme of continuous development for employees;
3) Provision of an equality and safe work environment for employees; and
4) Provision of high quality products and services to our customers with enhanced customer satisfaction.

Environmental, Social and Governance Report

Looking ahead, the Board will continue to monitor and enhance the Group's ESG performance, provide reliable ESG data to our stakeholders, and forge sustainable business partnerships with them. We need to ensure that our environmental and social goals will continue to improve in the direction of healthy and sustainable business development. We will continue to work with our suppliers and customers to brave climate-related challenges. We are committed to providing one-stop quality tower crane solutions and services to manage the business while enhancing the environmental and social impact of the business. By adhering to the core values of "virtue", "safety" and "excellence", together with our profound technical knowledge and strength, we provide a sustainable foundation for building a green, safe and environmentally friendly value chain for the tower crane service industry. With the aim of pursuing excellence in management, the Group will continue to improve its management and operation for a strong foundation towards a centurion with the highest service level and profitability, to realize its corporate vision of "being the best construction equipment service provider". Finally, we would like to extend our sincere gratitude to all stakeholders, the Group's management team and all employees for their support.

2. ABOUT THE GROUP

Tat Hong Equipment Service Co., Ltd. delivers one-stop tower crane solutions from consultancy, technical design, commissioning and construction to after-sales service for China's premium and tier 1 EPC contractors.

We are actively involved in establishing a standardized after-sales service ecosystem for tower cranes and creating a green, safe and environmentally friendly value chain for the tower crane service industry. Under the guidance of the national goal of "carbon peaking and carbon neutrality", we, as a leading enterprise in the tower crane service industry, insist on building a green, energy-saving and sustainable tower crane remanufacturing market, to deliver comprehensive and high-quality services such as smart remanufacturing, maintenance and other after-market services of tower cranes. We keep improving the remanufacturing and processing capability of tower cranes and their accessory structural parts. By focusing on tower crane production and reducing pollution to the environment, we provide a sustainable structure for creating a green, energy-saving, safe and environmentally friendly value chain for the tower crane service industry.

With the development of digitalization, the construction industry has gradually shaped a competitive and powerful business eco-cluster from design, procurement, production, construction, operation and maintenance. We have developed and perfected iSmartCon — a smartphone application for managing contract compliance and safety, equipment maintenance, equipment scheduling, equipment selection, support services and data analysis. This digital management platform has considerably improved the depth, accuracy and labor efficiency of our services. For example, digital positioning can achieve precise control of tower crane scheduling, and safety digitalization can reduce the probability of safety accidents.

Leveraging on developing technology, we are building our own database by creating a digital platform for all levels, from job operation, project management, and to corporate and industry supervision. We pool the wisdom of thousands of employees across the Group to achieve a complete combination of safety, high quality, efficiency and environmental protection. We achieve cost reduction and efficiency increase through digitization so as to push forward the high-quality and sustainable development of the industry.

We insist on putting people first and fulfilling our social responsibility. During the Reporting Period, Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. (江蘇融合達豐機械工程有限公司) ("**Ronghe Tat Hong**"), a subsidiary of the Group, signed a strategic agreement with a third-party professional engineering and technical consulting company. Sticking to the safety development concept of "people-oriented and life-paramountcy", the parties will improve the technical merit and skills of practitioners in the tower crane industry, and cultivate young workers that comply with the law for the Group and the society on scale. Improving the Group's core competitiveness is a move to prevent or reduce the occurrence of production safety accidents, and an important part of building a sustainable and sound ecosphere value chain for tower cranes, which also embodies the incorporation of sustainable development into the business.

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We actively participate in social welfare undertakings as part of our efforts to fulfill our corporate social responsibilities. For years, we have joined public charity activities such as "一個雞蛋的暴走" and "善行者" and make donations to help lift children in mountainous areas out of poverty, protect the basic rights of children in difficulty, and help children in distress grow up healthily and happily and promote equally. Insisting on being a conscientious enterprise, we foster a socially responsible corporate culture to contribute our modest efforts to sustain harmonious social development.

The Group divides its business into six segments by project type, namely infrastructure, clean energy, traditional energy, public and plant construction, commercial and residential sectors. As of 31 March 2023, the Group had 260 projects in execution and 45 projects in hand but not yet commenced during the Reporting Period. As the second largest tower crane service provider in the PRC, the Group managed a total of 1,166 tower cranes as of March 31, 2023, with 3,192,710 tonnage of tower cranes under management.

The landmark projects we worked on during the year are:

Project Type	Project
Infrastructure	Dalian Hengli Petrochemical Port Expansion Project Urban Renewal Project (Phase I) of Zhuhai Jiuzhou Port Passenger Terminal contracted by China Construction Eighth Engineering Division Corp., Ltd. Daxi River Bridge Project of Chongqing Fengjian Expressway
Clean Energy	Project of incineration and power generation of domestic waste in Xining
Traditional Energy	Qingshinchuan Coal Power Integration Project in Fugu, Shaanxi 2×660,000 kW unit project of Changtan power plant of Inner Mongolia Guodian Energy Investment Co., Ltd. Jingneng Chagan Nao'er power plant
Public and plant construction	Expansion Project of Chongqing Liangjiang New District First Hospital City Office and R&D center of Zhonglian Intelligent Industry City Zhangkengjing Plot Project in Longhua, Shenzhen
Commercial	Shanghai "Zhangjiang Gate of Science" project Haikou Tower Project
Residential	Lot C07–1 project, Zhongshan Street, Songjiang District, Shanghai XZ202107 Plot Project in Xinzhan District, Hefei

During the Reporting Period, we received awards and commendations from government departments, such as the "2022 Advanced Enterprise of Construction in Jiangsu Province" issued by the Department of Housing and Urban-Rural Development of Jiangsu Province and the "2022 Advanced Enterprise of Safe Operation" issued by the Building Construction Safety Branch of Shanghai Construction Safety Association. We received praise and recognition from our customers, and were awarded the "Excellent Sub-supplier" from the Fourth Construction Co., Ltd. of China Construction Eighth Engineering Division, the "Excellent Sub-supplier 2022" from China Construction Third Engineering Division Group Northwest Co., Ltd. (中建三局集團西北有限公司) and the "Excellent Partner 2022" from CSCEC-TAISEI Construction, Ltd. We also received a letter of commendation from the first sub-subsidiary of Shanghai Branch of China Construction Eighth Engineering Division Corp., Ltd., which reflects our ongoing commitment to maintaining a stable, reputable and loyal customer base.

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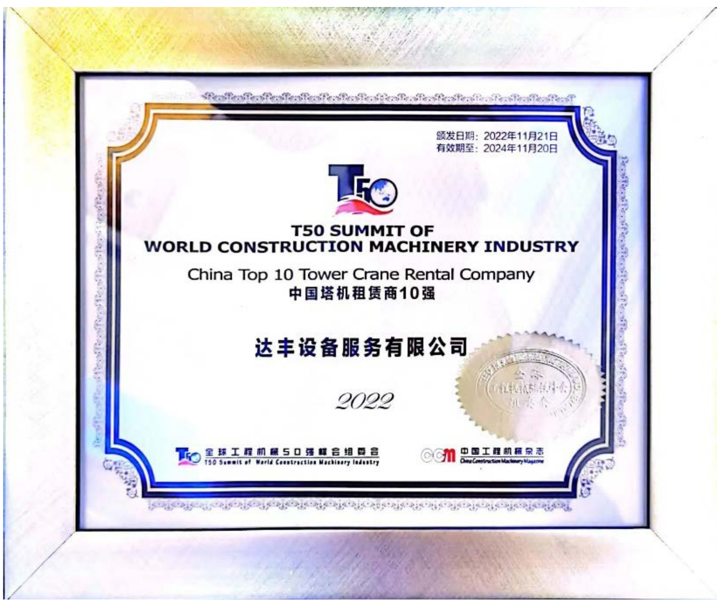
On 21 November 2022, the 2022 Global Top 50 Construction Machinery Summit and China Equipment Leasing Summit with the theme of "Winning the User Side — Battling for A Splendid Future" kicked off in Shanghai. The Group was awarded the title of "Top 10 Tower Crane Rental Companies in China" and Zhu Hui, the director and general manager of China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. was awarded the "Influencer in China's Tower Crane Industry in 2022".



This year saw us win the honor of "Top 10 Tower Crane Rental Companies in China in 2022" once again, affirming our strength and brand value. Going forward, we will continue to uphold the core values of "Virtue, Safety and Excellence", proactively render the most secure service to our customers, create maximum benefits for our shareholders, provide a stable development platform for our employees, and assume the responsibility of green harmony for the society. It is our goal and mission to be the best construction equipment service provider. We will do our utmost to shape a good corporate brand image and create greater glories!

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3. ESG ARCHITECTURE

In 2021, following the relevant requirements of the Stock Exchange and responding to the expectations of our stakeholders who include the customers, suppliers, employees, shareholders and the public, we have set up a three-tier bottom-up ESG governance architecture to manage the Group's ESG-related issues in a holistic manner. The ESG Task Force of the Group is composed of core members from different departments of the Group. The ESG Task Force regularly reports to the management on the implementation of the Group's ESG initiatives, and regularly reports to the Board on the progress and effectiveness of the implementation of ESG management objectives. The Board makes ESG decisions accordingly based on feedback from the reporting results, taking into account business risks plus market opportunities and changes.

ESG architecture

Environmental, Social and Governance Report

4. STAKEHOLDER COMMUNICATION

We value the suggestions made by our stakeholders and listen to suggestions from all parties to identify and define sustainability issues related to our business and assess their materiality. We seek opportunities to maintain communication with our stakeholders, and refine our corporate sustainability strategy based on their views. We understand and respond to the stakeholders' concerns to promote cooperation. These efforts are conducive to helping the Group achieve its business strategy objectives, thereby reducing potential risks.

The Group actively participates in stakeholder communication through channels and means as follows:

Stakeholders	Communication Channels	Concerns and Expectations	Communication Outcomes
Shareholders/ Investors	Interim reports and annual reports, announcements and circulars Investor meetings Shareholder meetings Corporate communications, such as email or telephone communication	Investment returns Strategic direction of the Company Information transparency Business integrity Compliance operation Enterprise risk management Truthfulness, timeliness and completeness of information disclosure	Publication of interim and annual reports, announcements and circulars Organizing annual general meetings Releasing important business decision announcements Releasing important business news on the Company's website and public website
Customers	Customer satisfaction survey Return visits by the Customer Service Center Regular customer visits Online service platforms Official websites, emails, telephone communications	Quality and diversified products and services Reliable and timely after-sales service Business privacy and information security	Stringent procurement standards Ensuring fulfillment of contractual responsibilities Regular equipment testing, repair and maintenance Regular equipment safety checks Quick response to customer needs Permission setting of the Group's information systems Complete customer management systems Enhancing the after-sales service experience of users

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Stakeholders	Communication Channels	Concerns and Expectations	Communication Outcomes
Employees	Employee satisfaction surveys Employee performance self-assessment and appraisal Annual employee meetings Regular employee training Congress of workers and staff Employee Handbook	Equal employment Compensation and benefits Labor rights Humanistic care Work environment health Occupational safety and health Career development Work-life balance	Updating and training employee codes Establishing employee representative unions to protect the basic rights of employees Holding annual employee meetings to increase communication channels Optimizing employee training programs and promotion channels Providing competitive salary and benefits Performance evaluation and organizational team building
Suppliers	Supplier management procedures Supplier evaluation system Supplier meetings Supplier site visits	Transparent supply chain processes Strict and sound procurement systems Anti-corruption policies and systems	Rigid supplier selection standards Sound supplier procurement systems Standardized procurement processes Anti-corruption training Efficient and transparent supply chain management mechanisms Regular supplier visits
Government/ Regulatory agencies	Compliance reporting Timely response to public inquiries Oversight and inspection by regulatory agencies Participation in government agency seminars Government forum exchange activities	Product quality and safety Discharge of wastewater, waste and pollutants Protection of intellectual property and patented technologies Reduction of energy and water consumption Compliance with laws and regulations Tackling climate change	Communication with regulatory agencies Optimizing the management of energy saving and emission reduction and promoting green office Cooperating with environmentally safe pollutant treatment centers Compliance with industry laws and regulations, and operating with compliance and integrity Publication of ESG reports

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Stakeholders	Communication Channels	Concerns and Expectations	Communication Outcomes
Community/Public	Public welfare activities Volunteer activities Community seminars/ Lectures/Workshops	Public welfare investment Harmony in the community	The Group opens social media accounts to strengthen the Group's communication and connection with the public Participation in public welfare activities Visits to vulnerable groups and providing support
Media	Results release Press conference Group website Interview with senior management	Commitments to corporate social responsibility	Media conferences in the form of teleconferences Regular news releases on the Company's performance

5. ASSESSMENT OF MATERIALITY ISSUES

During the Reporting Period, the Group has assessed the materiality of 17 ESG topics to understand the level of materiality to each group of stakeholders by means of questionnaires on four dimensions, namely operations, employment, community and environment. The Group's Board, management, employees, customers, suppliers, professional partners and community groups have participated in the questionnaires to assist the Group in identifying and reviewing ESG-related governance issues. These ESG topics have been adopted and approved by the ESG Task Force and the Board. External stakeholders, who include the suppliers, customers, professional partners and financial institutions accounted for 14% of the participants.

In order to assess the materiality of the Group's ESG issues and understand the expectations of our stakeholders for the Group's ESG efforts, we have conducted a materiality assessment through the following steps:

Phase I Identifying topics

- 17 ESG topics have been identified and grouped into four categories, namely operations, employment, community and environment, with reference to the sustainability topics listed in the Guide, the Climate-related Financial Disclosure (TCFD), and the materiality issue libraries of the Sustainability Accounting Standards Board (SASB).

Phase II Research assessment

- The materiality of these ESG topics has been assessed by identifying the Group's key internal and external stakeholders and inviting them to participate in online questionnaires from the two dimensions of level of materiality to the business and stakeholders. The materiality was then rated on a scale of 1 to 10 (1 being very unimportant and 10 being very important).
- Materiality was set based on the scores and sustainability topics were prioritized.

Phase III Confirming results

- Materiality assessment results have been analyzed, reviewed and confirmed by the ESG Task Force, and submitted to the Board for final review and approval. Final assessment results have been confirmed by the Board and expressed in a materiality matrix.

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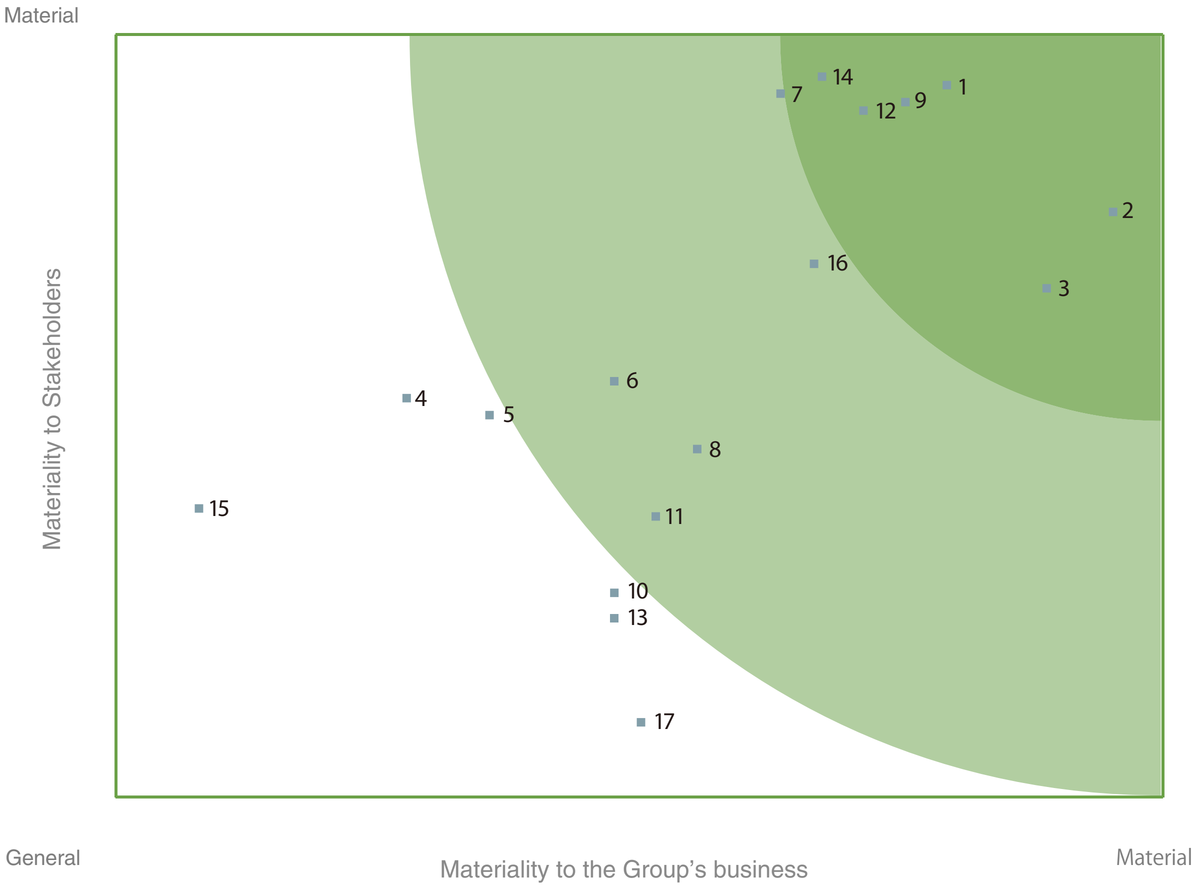
The following vertical axis of the materiality matrix shows the impact of ESG issues on our stakeholders, while the horizontal axis shows the impact of ESG issues on our business, with ESG issues at the top right of the matrix being the most material.

Materiality Assessment Matrix



Materiality Assessment

Environment

1. Compliance with laws and regulations
11. Waste management
12. Energy consumption and efficiency
13. Water consumption and efficiency
14. Minimize the adverse impact on the environment and natural resources
16. Issues related to climate change

Operation

2. Health and safety of products/services
3. Customer service and satisfaction
4. Data privacy and information security
5. Supply chain management
6. Anti-corruption
17. Protection of intellectual property rights

Employment

7. Employment benefits (e.g., working hours, vacation, benefits, promotions)
8. Occupational health and safety
9. Employee training and development
10. Prevention of child labor and forced labor

Social issues

15. Caring for the community

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6. PRODUCT RESPONSIBILITY

Upholding the core value of "Excellence", the Group procures and deploys quality tower cranes, parts and accessories, provides cost-effective and comprehensive services to meet customers' needs, and enhances management efficiency through the implementation of various management systems. Leveraging on our strong technical knowledge and capabilities, we have successfully established a market position in the Chinese construction industry over our operating history and have maintained a stable, reputable and loyal customer base.

6.1 Health and Safety of Products

The Group adopts a strict risk control system to prevent or reduce quality risks due to the procurement of products. In order to reduce the safety risk of the procured products, before signing the procurement agreement by the Procurement Department, the Group will check and verify the strength and rigidity of the steel structure and the overturning resistance of the product according to the Design Specifications of Tower Cranes, Safety Procedures for Tower Cranes and other relevant guidelines for different types of equipment. Meanwhile, the Group will carefully review the terms and conditions of the contract regarding the ambient temperature requirements, wind resistance, warranty period, warranty exemption and packaging so as to determine the safety and reliability of the product.

The Group also pays close attention to the quality of the procured products. To that end, the Group purchases comprehensive insurance for construction machinery and equipment, third party liability insurance, cargo transportation insurance and employer's liability insurance for the procured tower cranes in accordance with the internal Insurance Operations system. This aims are to further prevent and reduce the potential quality risks during the use and transportation of the equipment.

The Group conducts strict quality inspection and testing on the purchased equipment. In case of product return due to quality or safety problems, we will contact the suppliers in a timely manner and give feedback on product defects, and formulate corresponding preventive measures to minimise the hazards and hidden dangers caused by the equipment to customers. During the Reporting Period, the Group did not experience any product recall due to product quality or safety issues, and the percentage of products sold or delivered that were subject to recalls for safety or quality reasons was zero.

The Group performs regular maintenance on tower cranes to ensure strict quality control. Pursuant to the internal Control Procedures for Equipment Leasing and Service Process and the Control Procedures for Tower Crane Maintenance Management, we supervise and test the safety of the equipment on a daily basis. When the equipment has reached the end of its service life or has been tested by professional institutions to be unusable or beyond repair due to major safety accidents, the equipment will be compulsorily taken back and no longer be leased to customers. For the equipment that needs to be maintained, it shall be inspected and approved by the team leader, electrician and technical personnel and signed by them after maintenance. Meanwhile, relevant paper documents will be kept to ensure the safety and reliability of products.

The Group is committed to strict compliance with health and safety standards for its products and with relevant laws and regulations, which include but are not limited to:

Product Quality Law of the People's Republic of China
Special Equipment Safety Law of the People's Republic of China
Regulations on Safety Supervision of Special Equipment
Regulations on Safety Supervision and Management of Construction Hoisting Machinery

During the Reporting Period, the Group has neither been involved in any material violations related to product quality, nor was there any recall of rented or shipped products due to safety and health concerns. In addition, the Group received no material complaints regarding product quality and safety.

Environmental, Social and Governance Report

6.2 Health and Safety of Services

While providing quality products, the Group continues to enhance customer satisfaction by emphasizing health and safety during service and optimizing the service experience of our customers. The Group has established the Safety Management Procedures and the Control Procedures for Emergency Preparedness and Response with an aim to ensure that the Company meets the requirements of safe and civilized construction during the provision of services, eliminates safety hazards in a timely manner and implements the policy of "safety in the first place, integrating prevention with comprehensive management". Before signing the service contract with the customer and working on the tower crane, we should give priority to solving the customer's technical problems and improving our service quality. The Group has established various forms of communication channels with customers, including telephone calls, offline visits, video conferences and emails, for the sake of understanding customers' expectations and addressing their concerns during and after the service.

The Group operates eight tower crane yards in Hefei, Wuxi, Taicang, Chongqing and Dongguan, the PRC. We mainly engage in stacking equipment and providing repair and maintenance services. When customers make reasonable requests for our services, we will respond to them quickly by coordinating and mobilizing internal resources of the Group in a timely manner, which is conducive to improving customer satisfaction. Moreover, we require the relevant personnel to take immediate action when dealing with unexpected equipment failures, without delay.

6.3 Customer Service and Satisfaction

The Group sets up a dedicated 24-hour Customer Service Center. Furthermore, we train our personnel in this Center, requiring them not only communicating customer requests, but also following up customer needs at each work node after bidding, contract fulfillment, and the end of the service period. Problem solving needs to be prioritized from the customer's perspective. Stall of our Customer Service Center make regular visits to customers and invited them to conduct satisfaction surveys. We also actively handle customer complaints, supervise the overall process of service, and report to superiors or relevant responsible departments. Meanwhile, we assist departments to improve service measures when necessary to further enhance customer satisfaction.

After receiving an inquiry or complaint, the stall of the Customer Service Center need to categorize the matters and forward them to the relevant departments for processing in a timely manner. In addition, the Customer Service Center keeps records of these inquiries and complaints, including but not limited to, the reason for the matter, customer's request, processing department and the response time, so that the whole Group can make inquiries easily.

In addition to the Customer Service Center, we also arrange for commissioners and managers of various departments with marketing functions to visit customers on a regular basis. We have developed a flow chart of customer visits and made visit records, which are summarized by staff of the Customer Service Center for a written report. These efforts aim to eliminate the weaknesses in the service process in order to better serve customers and enhance customer satisfaction.

During the Reporting Period, customer requests were responded to within 24 hours, with a response rate of 100%. Customer satisfaction reached 95%, maintaining the same level as last year.

We handled 27 complaints about products and services this year, a decrease of 43% from last year. All products or services complaints have been followed up and handled.

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6.4 Intellectual Property Protection

To protect the Group's intellectual property rights and to enhance the sustainability of the Group-wide business development, we had 134 registered patents for utility models and inventions related to tower cranes and 20 software copyrights in the PRC as of the end of the Reporting Period. These patents mainly applied to tower crane technology solutions and digital tower management applications. We actively protect our intellectual property from disclosure or infringement by insiders or third parties. To that end, we have established internal Procedures for Intellectual Property Control with different control procedures for different categories of intellectual property. All custodians are required to obtain prior approval from the relevant level and general manager before sending the internal data to others. We also require the employees concerned to sign a confidentiality agreement or anti-competition agreement, which prohibits the disclosure of content involving the Company's core technology secrets in any form at any point in time without permission.

The Group closely monitors the expiration status of intellectual property rights and regularly assesses the validity of intellectual property rights. We also monitor intellectual property rights and defend our interests and safety by engaging a team of lawyers to take legal action if any infringement is found.

During the Reporting Period, the Group has strictly complied with the laws and regulations relating to the protection of intellectual property rights, including but not limited to:

Trademark Law of the People's Republic of China
Implementation Regulations on the Trademark Law of the People's Republic of China
Patent Law of the People's Republic of China
Rules for the Implementation of the Patent Law of the People's Republic of China
Regulations on Computer Software Protection
Measures for the Registration of Computer Software Copyright

During the Reporting Period, the Group did not have any violations of laws and regulations relating to intellectual property rights.

6.5 Data Privacy and Information Security

The Group places great importance on protecting the privacy of customer data and maintaining the security of information within the Group by preventing such data from being passed on, deleted or used for other purposes without authorization or in the event of an accident.

For internal information of the Group, the Company and its subsidiaries assign professional information technology personnel to manage the security of the Company's network and information, and the login accounts and passwords of each system. Such measures can prevent people outside the Company from accessing the Company's information systems and websites. In order to create a safe and effective enterprise information security system, we ensure the security of Company data through firewall protection, anti-virus software, regular data backup, and authorized system access. We emphasize in our Employee Handbook that employees should not copy the content or disclose their data to other colleagues or customers without authorization when using any software of the Group. Meanwhile, we regularly check and test the information security of our software, strengthen the security of our website, and fix software vulnerabilities in a timely manner.

For customers' private information, customer service centers are required to prepare information backup lists and manage customers' information security in accordance with the Company's internal Information Control Procedures. These efforts ensure the security of electronic documents and information. Our services are tailored to meet the requirements of our customers. To avoid leakage of design drawings, the personnel involved shall sign a confidentiality agreement to ensure that they know the confidentiality is legally binding. In case of any violation, strict disciplinary action will be taken.

We conduct information technology training to enhance employee awareness of protecting customer privacy and maintaining personal information security.

During the Reporting Period, the Group has strictly complied with the laws and regulations regarding the protection of information system security and customer privacy, including but not limited to:

Regulations on Safeguarding Computer Information Systems of the People's Republic of China
State Secrets Law of the People's Republic of China
Law on Protection of Consumer Rights and Interests of the People's Republic of China

During the Reporting Period, we were not involved in any non-compliance with respect to laws and regulations of data privacy and information security.

7. ANTI-CORRUPTION

In order to practice high standards of business ethics, the Group has a "zero tolerance" approach to corruption. Thus, the Group prohibits the employees, the management and Directors from using their positions to provide benefits to customers, suppliers or others. The Group also strictly prohibits any bribery, extortion, fraud and money laundering violations.

In order to effectively prevent and reduce the risk of corruption, we have improved our internal controls and strictly enforced the Tat Hong China Anti-corruption System and the Anti-Corruption Policy promulgated within the Company. Such efforts aim to regulate the conduct of our employees. To be specific, employees are strictly prohibited from colluding with other companies or employees of other companies in connection with bids, from paying or receiving bribes, kickbacks, luxury goods or money from suppliers and from paying expenses for or donating to customers or any individual. Meanwhile, employees are strictly prohibited from soliciting or accepting facilities and benefits from suppliers and customers in connection with home renovations, weddings and funerals, job arrangements for spouses or children, or travel abroad, and from introducing family members and friends to customers and suppliers in business activities. In addition, we require our employees to avoid conflicts of interest (requiring the employees to report any conflict of interest when they become aware of conflicts of interest before and after submitting a bid by not placing themselves in a position of liability to the supplier, customer or recipient of the bid; requiring that business courtesies be in compliance with internal policies and obtain prior approval, which also requests the submission of written forms internally). We also provide relevant ethical guidelines in our Employee Handbook and emphasize that anti-corruption violations shall be subject to appropriate penalties. Serious incidents may be referred to judicial authorities for processing.

The establishment of reporting channels is also one of the Group's important anti-corruption measures. The Board of Directors has delegated to the Group's Internal Audit Department the authority to deal exclusively with embezzlement matters, perform controls and to allow external professional help. We have set up several reporting channels so that employees, customers, suppliers or other stakeholders can report anonymously and through interviews, emails, hotlines or messages on public accounts, etc. Upon receipt of a report, the person in charge of the Internal Audit Department will promptly and fairly review each case and investigate each misconduct. We promise to keep the identity of the whistleblower and related information confidential and to ensure that the whistleblower will not receive unfair treatment, will not be subject to retaliation and will not be dismissed as a result of the report.

In the event of corruption, serious cases shall be reported to the Board of Directors, which also regularly reviews the Company's code of conduct and reporting mechanism so as to ensure its effectiveness.

Environmental, Social and Governance Report

During the Reporting Period, we have held anti-corruption trainings for our employees and participated in anti-corruption trainings provided by external professional consultants on the prevention of bribery, extortion and money laundering to build awareness of anti-corruption and to establish an image of corporate integrity. We have also conducted anti-corruption trainings for Directors, including the Prevention of Bribery Ordinance in Hong Kong, and explained to Directors the expectations of avoiding conflicts of interest and not using their position as Directors for gains as set out in the Companies Ordinance and the Guidelines on Directors' Responsibilities. Directors are required to conduct due diligence reviews of customers and businesses to reduce the risk of embezzlement, while conducting internal controls.

During the Reporting Period, the Group has strictly complied with the laws and regulations on anti-corruption, which include but are not limited to:

Anti-Corruption Law of the People's Republic of China
Anti-Money Laundering Law of the People's Republic of China
Interim Provisions on Banning Commercial Bribery
Tendering and Bidding Law of the People's Republic of China
Anti-unfair Competition Law of the People's Republic of China
Prevention of Bribery Ordinance

During the Reporting Period, the Group had no corruption litigation cases such as embezzlement, fraud and commercial bribery, and received no external anti-corruption investigations and penalties.

8. SUPPLY CHAIN MANAGEMENT

The Group attaches great importance to supplier management as excellent supply chain management serves as the basis for providing better services to customers and sourcing high-quality products is an important measure to enhance the Group's sustainable development. We clarify the duties of the procurement personnel and the process and standards of procurement in accordance with the Group's internal Equipment Procurement Management and the Employee Handbook and other related systems, requiring the procurement personnel to conduct procurement with ethical standards of fairness, impartiality, integrity and honesty. This aims to avoid conflicts of interest or other potential corrupt practices.

We select suppliers based on their background qualifications, product quality, delivery time and transaction records. We not only require products of the suppliers to meet the technical specifications and quality requirements of the Group, but also review and evaluate their impact on the environment. We give preference to environmentally friendly suppliers. For example, we select suppliers who use environmentally friendly paints and require suppliers to use non-disposable packaging in order to reduce waste. We also express our expectations for occupational health, child labor, safety and other sustainability factors, and work with the suppliers to create a green supply chain management system. Logistics is also an important part of the Group's supply chain management. To reduce unnecessary waste and greenhouse gas emissions during transportation, we select equipment as close as possible to the project location to reduce transportation time and achieve cost efficiency.

In order to reduce the potential risk of supply chain, we will check the receipts and conduct spot checks on the purchased documents, the delivery records and delivery time of suppliers, and the quality of the equipment at the time of delivery and the reasons. If there are problems, we will timely communicate with the suppliers to ensure that the suppliers meet the basic quality requirements. We also learn about the performance of suppliers' social and environmental responsibilities through field visits, annual reports and other channels. Based on the evaluation results, we maintain a long-term and stable partnership with excellent suppliers.

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In addition to the procurement of equipment, the Group implements a standardized procurement process for office supplies, vehicles and office furniture, whereby the user department shall first declare the required items, wait for the approval of the superiors and the relevant departments, fill out a Contract Evaluation Form and obtain at least three quotations, and finally obtain the approval of relevant departments and the Financial Auditing Department before purchasing.

During the Reporting Period, the Group has strictly complied with the laws and regulations which include the Government Procurement Law of the People's Republic of China. As of 31 March 2023, we have worked with 127 major suppliers, all of whom have strictly followed our supplier management system. The Group will continue to cooperate with the suppliers to fulfill the social responsibility of green environmental protection.

The number of suppliers by region is as follows: (region breakdown based on the location of the top 15 suppliers of purchased items)

Supplier region	Unit	Fiscal Year 2023	Fiscal Year 2022
Northern China	Number	15	19
Northeastern China	Number	31	3
Eastern China	Number	43	46
Central China	Number	13	15
Northwestern China	Number	9	2
Southern China	Number	16	11
Total	Number	127	96

9. EMPLOYMENT AND LABOR PRACTICES

9.1 Employment, Promotion and Dismissal

The tower crane service market has developed into a knowledge-intensive market. As a service provider, we need more talents with in-depth professional knowledge and skills in installation, operation, maintenance and dismantling. Highly qualified people serve as our core competence to improve the sustainability of the Group.

Pursuant to the Payroll Cycle System promulgated by the Group, we maintain a fair, equitable and merit-based attitude in recruitment, hiring and promotion, and will not discriminate against any candidate on the basis of gender, age, race, skin color, religion, nationality, disability or retirement, sexual orientation, etc. The candidate's personal ability and quality are the most basic and important evaluation factor. New employees are entitled to a two-month probationary period, during which we will make a decision on whether to retain the employee based on their ability, quality of work and work attitude. The Group adopts a variety of recruitment channels, including placing job advertisements on job websites and Company websites, cooperating with local technical schools or universities, and receiving recommendations from professional headhunters and internal referrals. That is how the Group recruits employees who meet the requirements.

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As of 31 March 2023, the Group had a total of 1,353 employees (as of 31 March 2022: 1,207). Details of the total number of employees by gender, employment type, age group and region are as follows:

Employee indicators	Fiscal Year 2023	Fiscal Year 2022
Total number of employees at the end of the period (person)	1,353	1,207
Total number of employees by gender		
Female (person)	360	281
Male (person)	993	926
Total number of employees by employment type		
Full-time junior employees (person)	1,171	1,103
Full-time medium employees (person)	166	85
Full-time senior management (person)	16	19
Total number of employees by age group		
Below 30 years old (person)	334	311
30–50 years old (person)	925	823
Over 50 years old (person)	94	73
Total number of employees by geographical region		
North China (person)	126	120
East China (person)	399	396
Central China (person)	45	0
Northwest China (person)	96	128
South China (person)	687	563
Others (including Hong Kong, Macau and Taiwan) (person)	0	0

We respect the different personalities of our employees and encourage them to bring their individuality to the table, providing more and fresher and diverse perspectives on our business and increasing the diversity of our sustainable development. We also encourage our employees to express to the management any ideas they have about their personal career development or business development strategies so as to achieve the Company's goal of the diversity of sustainability.

During the Reporting Period, the Group did not violate any law and regulation regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

We evaluate our employees for promotion every year. The Group has established a comprehensive performance appraisal standard, which not only provides an understanding of the overall performance of the employees during the appraisal period, but also urges and motivates the employees to move towards greater excellence and grow together with the Company. When deciding a promotion, we will take into account the results of the performance appraisal, the match between the employee and the position, the employee's ability, contribution, personal experience, potential and the employee's own expectations for the position, which are also necessary for matching them with a reasonable salary or reward system. The Group gives priority to internal promotions before considering external hires for the sake of providing our employees with a long-term stable career development platform.

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According to the Group's Employee Handbook, the termination of employment relationship requires 30 days' written notice from both parties to the relevant department. Also, the termination of a contract needs to be based on reasonable reasons, and any unfair or improper reason to terminate the employment relationship is strictly prohibited. For violations of the Employee Handbook, the Company will give priority to disciplinary actions (verbal and written), stopping salary increase, demotion and salary reduction, etc. For serious violations of work discipline or persistent violations, the employment contract relationship will be terminated immediately.

During the Reporting Period, a total of 273 employees left the Group, with details of employee turnover rates by gender, age group and region as follows:

Turnover rate	**Unit**	**Fiscal Year 2023**	**Fiscal Year 2022**
Total turnover rate	%	16.8	24.2
Employee turnover rate by gender			
Turnover rate for female employees	%	20.4	6.7
Turnover rate for male employees	%	15.4	17.5
Employee turnover rate by age group			
Employees under the age of 30	%	17.7	8.7
Employees aged 30–50	%	17.0	14.6
Employees aged over 50	%	11.3	0.9
Employee turnover rate by geographical region			
Northern China	%	28.0	1.1
Eastern China	%	21.6	9.4
Central China	%	40.0	0.0
Northwestern China	%	17.2	2.1
Southern China	%	6.4	11.7
Others (including Hong Kong, Macau and Taiwan)	%	0.0	0.0

Note: The Group had no part-time employees in both fiscal year 2022 and fiscal year 2023.

9.2 Compensation and Benefit

The Group strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Special Provisions on Labour Protection for Female Employees, the Interim Regulations on the Collection and Payment of Social Insurance Premiums and the Social Insurance Law of the People's Republic of China and other relevant laws and regulations. Meanwhile, the Group has further improved and reviewed the Employee Handbook promulgated within the Group. This internal system provides detailed descriptions of employees' salaries, allowances, social insurance, statutory welfare and leave, company business insurance and other employee benefits.

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

In order to reduce the risk of employee turnover, the Group has established a fair and reasonable remuneration system and various welfare policies. We evaluate the remuneration of our employees every year and match the competitive salary for talents of high quality. We also determine the salary level and individual bonus of our employees based on the Company's operation, employees' work performance, labor market and the quality of their individual skills. We combine the salary of some of our highly qualified people with the Company's business and team goals in order to attract and retain stress-resistant, highly skilled and motivated employees and teams through this performance appraisal method. We have established an internal long-term service award to reward the employees for their continuous service and contributions to the Company.

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To establish a favorable employment environment, the Group actively protects the labor rights, legal rights and benefits policies of its employees in accordance with the terms of the welfare plan in the Employee Handbook and the remuneration and benefit operation system in the Payroll Cycle promulgated internally. In addition, employees of the Group are entitled to all statutory holidays and leave benefits as stipulated by China. In addition to statutory holiday benefits, we offer additional non-pay benefits and organize a wide range of employee activities. For example, we provide our employees with supplementary commercial insurance, transportation subsidies and holiday allowances or gifts, and hold monthly birthday parties for the employees, employee sports competitions and other recreational activities. These efforts aim to build stable and harmonious employee relationships, relieve employees' work pressure, and enhance employee happiness and cohesion. Ensuring good health is the most basic condition for maintaining a work-life balance. Thus, we provide regular medical checkups for our employees to care for their physical health.

On 8 March 2023, the Group and its subsidiaries celebrated International Working Women's Day

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"Treating employees the same way we treat our customers; and there is no satisfied customer without satisfied employees" remains the talent value that the whole Group has been upholding. The birthday party held every month/ quarter is a kind of initiative to demonstrate the humanistic care of the Company. We believe that this meaningful activity will make every employee feel the deep care of the Company and the warmth and happiness of the collective.

Celebrating birthdays for employees every month

9.3 Health and Safety

Working as a strong champion of core values of safety first, we are committed to ensuring the safety during the project execution process, the safety of the environment around our project sites and the safety of our workers on site. During the Reporting Period, we have strictly complied with the Production Safety Law of the People's Republic of China, the Regulations on Production Safety in Construction Projects, the Regulations on Work Safety Permits and the Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China and other relevant laws and regulations, and adhered to the management policy of "safety in the first place, integrating prevention with comprehensive management". The Group has formulated and followed the Procedures for Safety Management Control by implementing safety measures in five aspects, including safety management objectives and organizational management objectives, safety management control during construction, safety management control during the use of leased equipment, safety accident handling and safety awareness enhancement.

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To ensure safe operation, we will strictly follow the laws and regulations such as the Safety Inspection Standards for Construction and the Technical Code for Safety of Temporary Electricity Use at Construction Sites. Meanwhile, the Group has issued the Hazard Source Identification, Risk Evaluation and Risk Control Procedures, which are applicable to all personnel on-site. The Safety and Quality Department is responsible for organizing and guiding each unit to carry out hazard source identification, focusing on the hazards in the construction process of the Company, organizing relevant personnel to evaluate the hazard sources, and carrying out on-site identification and recording into the hazard source identification list for those that are unclear or in doubt. When each subsidiary undertakes a project, we will arrange a person to identify and classify the hazard sources and report them to the Safety and Quality Department. We will also arrange risk evaluators to analyze the likelihood of a specific hazardous accident and the severity of the consequences in order to determine the level of risk. Based on the summary of the List of Major Hazardous Sources and Risk Factors, the Safety and Quality Department will inspect and review the effectiveness of the application of this list and risk evaluation methods every year for the sake of ensuring timely updates. In the event of changes in processes, equipment, laws and regulations, and personnel, the Safety and Quality Department is required to make appropriate adjustments with an aim to ensure the safety of the work environment and employees.

In order to reduce the risk of accidents, the Group protects the health and safety of our employees mainly by taking the following measures:

Risk Control Measures

- Develop occupational health and safety objectives and management programs
- Develop operational control procedures
- Develop procedures for emergency preparedness and corresponding controls
- Strengthen training on awareness and capacity and on monitoring and surveillance efforts

Risk Control Planning

- Eliminate the hazard source: Eliminate dangerous and hazardous factors as far as possible through reasonable improvement
- Preventive measures: In order to eliminate dangerous and hazardous factors in the construction process, preventive technical measures can be used, such as the use of safety equipment, leakage protection devices and warning signs, etc.
- Mitigation measures: In the case of failure to eliminate dangerous and hazardous factors and being difficult for prevention, measures can be taken to reduce the danger and hazards, such as local exhaust, cooling measures, vibration reduction measures and noise elimination devices

During the Reporting Period, with the approval of the Board of Directors, the Group has established a Chief Safety Officer, who is responsible for safety in operational related issues in the Group, reviewing, monitoring and evaluating the Group's safety management objectives and safety management rules and regulations, as well as studying and reporting to the Board on major safety issues that may occur in the Company.

We are also committed to providing our employees with a comfortable, healthy and safe working environment in our offices, and thus we have taken a number of the following measures:

- Provide adjustable seating to make employees feel more comfortable at work;
- Use of air purifiers and procurement of greenery to improve air quality of the office;
- Post office plans and escape routes prominently in the office in case of emergency;
- Place firefighting equipment in all corners of the office and regularly checking the status of firefighting equipment and replacing it in a timely manner;
- Prohibit smoking and alcohol in the workplace of employees;
- Identify hazards in the work area, etc.

In addition, the Group organizes regular medical checkups for its employees to remind them of their physical health. We also offer regular safety training to our employees to enhance their awareness of workplace health and safety.

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Emergency rescue drill for safety month activity — mechanical injury

On 20 May 2022, an emergency rescue drill with the theme of "mechanical injury accident" was conducted in the Ronghe Tat Hong. Through this drill, the Emergency Rescue Team members acquired safety and rescue knowledge, and the employees became fully aware of the importance of daily safety work. It enhanced the striving to "be the first responsible person" in the safety work.

Knowledge competition on safety, environmental protection and occupational health

On 16 June 2022, Ronghe Tat Hong held a knowledge competition on safety, environmental protection and occupational health. Focusing on the theme of "widely implementing activities for the safety publicity, improving safety awareness and self-rescue and mutual rescue ability of all staff", we extensively carried out publicity and education on laws and regulations regarding safety, environmental protection, and occupational health. On 22 June 2022, the Company organized a fun game competition on safety skills. This helped to guide the staff to build awareness of safety, environmental protection and occupational health, to enhance all the employees' awareness of production safety, and to know the law, understand the law, and abide by the law. These efforts have further strengthened the foundation of safety and strengthen the Company's safety, environmental protection and occupational health.

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In order to popularize the knowledge of first aid and rescue and to improve the employees' ability to save themselves and others, on the afternoon of 14 September 2022, Ronghe Tat Hong invited professional rescue teachers from the resident fire department to conduct a hands-on training on "Cardiopulmonary Resuscitation (CPR)" for employees. This hands-on training enabled the employees to understand the importance of CPR emergency rescue and specific operation procedures, improve their emergency safety awareness, and to master the practical ability of self-protection, self-rescue and mutual rescue.

In order to improve the staff's ability to deal with emergencies at the work site and master the correct methods of self-rescue and mutual rescue, Ronghe Tat Hong conducted an emergency rescue drill of "electric shock injury" in the afternoon of 15 September 2022 in the processing workshop of structural parts. Through rescue drills, the subsidiary further improved safety management, firmly hold the red line of safety production, put safety production in the first place, do a solid job in emergency capacity building, improve safety assurance capabilities to escort safety productions and operations.

In order to further enhance the awareness of fire safety and environmental protection responsibilities of employees, popularize safety knowledge on fire and environmental protection comprehensively, and to enhance the ability of self-protection and self-help, Ronghe Tat Hong held an emergency drill for fire and environmental protection in the afternoon of 6 January 2023. The drill enhanced the employees' knowledge of fire safety and laid the foundation for a good and safe work environment.

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The Group had no work-related fatalities in the past three years which include the current reporting period, with a work-related mortality rate of 0.0%. The number of days lost from work due to work-related injuries of the Group in the Year is 92 days. In the event of a safety incident, we will faithfully record and report the accidental hazards, conduct the investigation, and post its results to management.

9.4 Development and Training

The Group commits itself to "providing a stable development platform for employees". During the Reporting Period, we have provided our employees with extensive training to enhance their professional knowledge and competence. To do that, we have offered them training programs on our corporate culture, information technology, basic knowledge of tower crane equipment, and financial knowledge, covering the Group's business, organizational structure and office skills required for their work.

For new employees, we will offer Corporate Culture Training and Induction Training to acquaint them with the Company's history, mission, vision and values, organization, culture, policies and rules and regulations, and the functions of departments of the Company, so that they can integrate into the Group faster. For professional and technical personnel, we have offered construction safety training, mechanical operation training, mechanical maintenance and supervision training to improve the comprehensive competence of employees before they start work. We have offered learning and development opportunities for the employees to familiarize them with the work conditions of departments of the Company, laying a foundation for their long-term career planning.

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During the Reporting Period, we have focused on improving the competitiveness of employees and promoting their long-term and sound career development. Through cooperation with external third-party professional training organizations, we have had in place a sound training system to clarify the career development goals and expectations of each employee, provide a diversified learning platform for them, and accelerate the growth of the reserve workforce. Our training is divided into internal training and external training according to the training entity. The internal training of the Group is conducted by the Group trainer team to personnel at the manager level and above, and the training covers corporate culture, informatization and digitalization, finance, security, operation and ESG. The external training of the Group is conducted by external professional lecturers for specific target personnel of the Group covering philosophy and logic, general management, department specialty, project management, middle and senior level potential promotion, sales specialty, internal trainer and auxiliary management, so as to improve the vision and comprehensive competence of management and potential reserve talents. Furthermore, we have actively participated in public training courses or seminars outside the Group, and have encouraged our employees to take part in educational advancement focusing on improving their skills. We have offered educational subsidies or tuition reimbursement for approved courses.

During the Reporting Period, 100% of the employees have been trained with a total of 139,779.5 hours of training. The percentage of employees trained by gender and employment type and the average hours per employee to complete the training are set out below:

Training indicators	Unit	Fiscal Year 2023	Fiscal Year 2022
Number of employees trained by gender			
Female employees	person-time	452	388
Male employees	person-time	1,174	1,205
Number of employees trained by employment type			
Junior employees	person-time	1,413	1,489
Middle management	person-time	194	85
Senior management	person-time	19	19
Percentage of employees trained by gender			
Female employees	%	100	100
Male employees	%	100	100
Percentage of employees trained by employment type			
Junior employees	%	100	100
Middle management	%	100	100
Senior management	%	100	100
Average training hours completed per employee by gender			
Female employees	Hour	76	65
Male employees	Hour	90	77
Average training hours completed per employee by employment type			
Average training hours completed per junior employee	Hour	85	75
Average training hours completed per middle-level employee	Hour	90	75
Average training hours completed per senior employee	Hour	79	79

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On 15 July 2022 Ronghe Tat Hong and a supplier jointly conducted systematic training on the tower crane products customized by the Group. The courses include: 11 topics, which include Safe Use and Management of Tower Crane, Maintenance and Care of Tower Crane, Installation, Disassembly and Commissioning of Tower Crane, Basic Calculation and Notes of Tower Crane, Commissioning of New ETI Aircraft and Handling of Common Problems and others. This customized training was conducted for the employees of the Company at all levels and positions from the selection and layout of tower cranes, basic calculation and design to tower crane installation, disassembly, operation and maintenance.

On 28 July 2022, the headquarters of the Group invited external professionals to provide business etiquette training for the employees. Through a large number of case teaching, interactive and on-site questions and answers, the employees had a deeper understanding of the importance of etiquette in life and work.

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From 16 October to 19 October 2022 and from 18 March to 21 March 2023, the Group has participated in the training themed "New Growth Flywheel" in batches to further update and enhance the business philosophy and management level of the Group's senior and middle managers, subvert the traditional thinking, master the core growth point of the enterprise, and drive the sustainable growth of the enterprise with value.

9.5 Labor Standards

The Group strictly abides by the Labor Contract Law of and PRC, the Law of the PRC on the Protection of Minors, and resolutely prohibits the employment of child labor or forced labor. The Group checks newly hired employees and conducts due diligence when necessary to ensure that child labor is not recruited in order to avoid child labor. If any child labor is found, we will immediately terminate the contractual relationship, investigate it and take appropriate disciplinary action against those responsible.

The Group has set up a Labor Union to supervise and protect the rights and benefits of employees. The Group strictly implements the system of rest on statutory holidays and protects the lawful rights and benefits of female employees during pregnancy and childbirth without forced labor in order to prevent forced labor. If forced labor is discovered, the employees can report matters related to forced labor to the Labor Union. After verification by the Labor Union, the Labor Union has the right to negotiate and demands the prohibition and cessation of forced labor on behalf of the employees and the Group, and impose corresponding penalties on those who employed forced labor.

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We firmly oppose any discriminatory behavior. We will not discriminate or deprive our employees of equal development opportunities based on gender, race, religion, family status, disability or age in order to provide them with a harmonious, sound and compliant working environment, and enhance their sense of belonging and productivity. We respect individual and cultural diversity, especially the policy of the Group on the diversity of Directors. The members of the Board of Directors have different industry backgrounds, educational backgrounds, cultural backgrounds, etc. Diversifying the Group is one of the important measures to sustain the development of the enterprise, and inject continuous vitality into the enterprise.

10. ENVIRONMENT

The Group is committed to taking responsibility for a green and harmonious society. In the Year the Board of Directors has examined and approved relevant qualitative targets for energy conservation and emission reduction. The ESG Task Force also has strengthened the process of data collection and analysis to assist the Group in transforming from qualitative environmental objectives to quantitative environmental ones. We have worked with an external team of professionals to enhance training on climate-related risks and refine the Group's strategy for addressing climate-related risks.

During the Year, we have collected and disclosed annual consumption data and annual environmental sustainable management actions for the Group's head office and subsidiaries to understand the Group's environmental performance. The data of the Year decreased compared with the data of the previous year, mainly due to the implementation of working from home and the establishment of standard environmental indicator data by the management during the Reporting Period. The calculation methods of the two years are consistent.

During the Reporting Period, the Group has strictly followed the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and other relevant laws and regulations, and has strictly implemented the system and procedures of the internal Environmental Management Operation Control Procedure in order to reduce the negative impact caused by the operation on the environment. The Group has continued to improve its environmental management system to address environmental degradation and energy scarcity through its day-to-day work, transportation and operational management strategies.

10.1 EMISSIONS

Greenhouse gas emission and management

Greenhouse gas emissions during the Reporting Period were mainly from gasoline and diesel emissions and electricity consumption. To reduce the negative impact on the environment caused by our operation, the Group encouraged all our employees to take public transportation such as buses and high-speed trains as far as possible for business trips, and also encouraged them to reduce the number of business trips through video conferencing, so as to reduce the greenhouse gas emissions indirectly generated by business trips. We maintained our vehicles regularly to prevent them from using more fuel and emitting more greenhouse gases due to low efficiency.

During the Reporting Period, 225,645.93 litres of petrol have been consumed by the Group's vehicles, representing a 23.4% decrease compared to the same period last year. Vehicles emitted 2,950.87 kg of nitrogen oxides (NOx), 4.60 kg of sulphur oxides (SOx) and 261.49 kg of particulate matter (PM). Total greenhouse gas emissions from the Group's operations were 1,744.60 tonnes of carbon dioxide equivalent (Fiscal Year 2022: 2,599.78 tonnes of CO2e). Both Scope 1 and Scope 2 emissions declined during the Reporting Period. Mainly thanks to the following:

- Setting up strict gasoline and diesel usage standards to ensure that the use of that by the Group meets the standards;
- Replacement of older, fuel-consuming motor vehicles with energy vehicles leads to a decline in motor vehicle use;
- Encouraging employees to work by video and reduce the use of motor vehicles.

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Indicators	Unit	Fiscal Year 2023	Fiscal Year 2022
Greenhouse gas emissions			
Scope 1: Direct greenhouse gas emission	tCO_2e	826.78	1,288.36
Scope 2: Indirect greenhouse gas emission	tCO_2e	917.82	1,311.42
Total greenhouse gas emissions (Scope 1 and 2)	tCO_2e	1,744.60	2,599.78
Intensity of greenhouse gas emissions			
Intensity of greenhouse gas emissions-per square meter (Scope 1 and 2)	tCO_2e/m^2	0.013	0.02

Notes:

1. The Group has followed the instructions in the Guide issued by the Stock Exchange in calculating and reporting greenhouse gas emissions.

2. Scope 1 emissions are from direct greenhouse gas emissions from the use of gasoline, diesel, etc.; Scope 2 emissions are from greenhouse gas emissions indirectly caused by power generation, heating and cooling, or steam purchased by the Company.

We staged a tree planting activity on 11 March 2023 with the theme of "flying green dreams and planting for a better tomorrow together" in order to advocate low carbon emission, respond to the national goal of "carbon peaking and carbon neutrality", promote the efforts of the Group in ESG, spread the concept of sustainable, green and sound development of the Group, and realize the vision of sustainable development and green water and mountains. We aimed to advocate the Group's sustainable development concept of green, environmental protection and low-carbon. Through this activity, we practise the mission of "taking green and harmonious responsibility for the society", and realize the sustainable development of "creating, sharing and growing together" among employees, enterprises and the wider civil society.

We have been following "green allocation". That means deploying equipment within 300 kilometers of the equipment demand point. This is to avoid more greenhouse gas emissions caused by long-distance transportation, which helps the Group to achieve the double goals of cost saving and environmental benefits.

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Waste Management

During the Reporting Period, the hazardous waste generated by the Group composes mainly computers, batteries, waste ink cartridges, waste carbon powder cartridges and other solid wastes. The non-hazardous waste produced by the Group mainly composes office household waste and office paper.

The Group consumed 9,643.70 kg of paper during the Year, with an intensity of 7.13 kg per employee. The increase in the Year's figure compared to that in the previous year was mainly due to the fact that the number of new contracts during the Year is double that of last year, and the increase in the volume of related bidding and paper used in the contract.

The waste data for the Year are as follows:

Waste produced and intensity	Unit	Fiscal Year 2023	Fiscal Year 2022
Total hazardous waste produced	No. of computer	34	32
	No. of battery	326	330
Hazardous waste produced per employee	No. of computer/ employee	0.03	0.03
	No. of battery/ employee	0.24	0.27
Total non-hazardous waste produced	kg	50,889	73,321
Non-hazardous waste produced per employee	kg/Employee	37.61	60.70

The output of hazardous waste in the Year is basically the same as that of last year, while the output of harmless waste is lower than that of last year, which is due to the reduction of household waste caused by employees working from home. The calculation methods of the two years are consistent.

We have designated and implemented the following work routines to reduce the amount of waste generated in order to reduce the discharge of non-hazardous waste:

- Encourage staff to reduce paper use for paperless office;
- Double-sided printing paper if not necessary;
- Encourage staff to reuse paper and envelopes;
- Use degradable plastics and reusable cloth bags to reduce household waste;
- Provide reusable cups and reduce the use of plastic cups.

The Group has promulgated and implemented its internal Waste Management Measures. As for household waste, we mandate our employees to sort it and put it into a place designated by the Environmental Protection Department for recycling and disposal. We offer microwave ovens and encourage our staff to have self-made lunches and reduce take-out to reduce household waste such as food packaging and disposable cutlery. We regularly monitor printer usage and take adjustment measures, such as printing quotas, to effectively manage paper usage.

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For solid waste, we hired a recycling company certified with ISO14001 Environmental Management System to recover and properly dispose of it, reducing environmental pollution. Waste batteries will be uniformly recycled and put into the designated place for disposal. Furthermore, we will provide relevant environmental training and activities to raise the staff's awareness of waste reduction.

The Group has set up a Maintenance Center in Yangzhou, and we strictly monitor and dispose of the waste generated by the Center. During the Reporting Period, we have not received any notices or warnings regarding environmental protection matters, or have we been subject to any fines, penalties or other legal actions by Chinese governmental agencies for serious violations of any Chinese environmental protection laws.

Waste produced and intensity	Unit	Fiscal Year 2023	Fiscal Year 2022
Total hazardous waste produced	kg (waste engine oil)	1,390	7,820
	kg (paint residue)	2,200	6,520
	kg (sandblast dust)	4,040	6,380
Hazardous waste produced per employee	kg (waste engine oil)/employee	1.03	6.48
	kg (paint residue)/ employee	1.63	5.40
	kg (sandblast dust)/ employee	2.99	5.29

The data of the Year decreased compared to that of the previous year, mainly due to the decrease in the number of maintenance tower cranes and their accessories during the Year, and the calculation methods of the two years are consistent.

We have commissioned a professional assessment agency to assess the impact of the Group's activities on the environment and prepare an environmental impact report every year in order to reduce waste discharge from the center. We have conducted regular monitoring of waste gas and water to meet the discharge standards of national laws and regulations. We also have contacted qualified and licensed waste treatment institutions for professional treatment of paint residue, sandblast dust, waste oil, waste rags and labor protection supplies, waste chemical packaging, waste activated carbon and waste filter cotton and other hazardous wastes to reduce the harm to the environment. We have strengthened statistics on the production, storage and treatment of hazardous waste, and strictly managed it.

10.2 USE OF RESOURCES

The Group's use of resources is mainly electricity and water consumption.

The Group has consumed 1,504,382.6 kWh of electricity during the Year, with a power consumption density of 11.3 kWh per square metre. The slightly dip in power consumption density during the Year compared to that for the previous year was due to the decrease in power consumption in offices as employees worked from home. During the Reporting Period, the Group has not been involved in any resource irregularities and has not identified any resource utilization issues that may have a material impact on the operations of the Group.

The Group has taken a couple of measures to save electricity:

- Independent lighting system: we have equipped different office areas with independent lighting systems. This allows the employees to use lights according to particular needs. We remind them to turn off the power in time when leaving the workplace;

- Use of energy-efficient equipment: When purchasing electrical appliances, the Group gives priority to energy-efficient equipment, and conducts regular inspection and maintenance of electrical appliances to improve the efficiency of equipment so as to save electricity;

- Set a conditioning temperature range: The Group recommends that office air conditioning be regulated to 22℃ to 26℃ to avoid energy waste due to high or low temperatures, and reminds the employees to turn off air conditioning promptly when leaving the workplace.

The total amount of water consumed for the Year was 27,555.0 cubic metres, representing 0.20 cubic metres per square metre. The increase in water consumption during the Year was due to the newly-built plants of subsidiaries, the increase in office area and the increase in number of employees. We actively promote water conservation to our employees and improve water utilization in order to reduce water consumption in daily operations. The Group uses water-efficient facilities and puts up signs for water saving around sink faucets. During the Year, the Group had no problems or matters to be noted in the management of water resources, and did not encounter any difficulties in sourcing water.

Due to the nature of the Group's business, the use of resources relating to packaging materials does not apply to the Group.

10.3 ENVIRONMENT AND NATURAL RESOURCES

We use air purifiers to filter dust from the air to maintain a good indoor environment.

Other than the emissions and resource use disclosed above in this ESG Report, the nature of the Group's business does not have any significant adverse impacts on the environment and natural resources, and no violations of environmental and natural resource related laws and regulations have been found. No complaints have been received about noise pollution, air pollution and light pollution. Going forward, the Group will continue the above measures to reduce waste emissions, greenhouse gas emissions and water and electricity consumption in the business operations and management.

Braving worsening environmental problems and natural resource shortages, we will continue to pay attention to and comply with relevant laws and regulations. Meanwhile, we will continue to assess the environmental risks of the Group's business and review the measures of energy conservation, emission reduction and environmental protection and formulate relevant rules and regulations. That is how we will achieve the sustainable development of the Group by responding to the national carbon peaking and carbon neutrality goals and assuming more environmental protection responsibilities for society.

10.4 CLIMATE CHANGE

We have developed and reported the climate change response measures to the Board on four areas, given the recommendations of the Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosure (TCFD), in order to respond to the vagaries of climate change and to mitigate the impact of future changes on the Group's operations.

Environmental, Social and Governance Report

Governance

i.e. Including the management of climate-related issues in the existing Board to develop and oversee climate-related strategies and management methods. The ESG Task Force assists management in developing and implementing policies and continuously feeds back to the Board to integrate climate risk into the Group's risk management and strategic planning. Since climate change does not pose a major threat to the Group's business currently, the Group has not formulated a formal policy to address climate change, and it still implements the existing strategy to do that.

Strategies

i.e. Analyzing the actual and potential negative impacts of climate-related risks and opportunities on the Company's business, strategies, and financial planning. During the Reporting Period, the Board of Directors has begun to identify climate-related risks and potential financial risks, and the management has actively assessed and managed operational and financial risks related to climate change.

Type of risks	Potential financial impact	Response actions
Tangible Risks	1. The construction extended due to typhoons, rainstorms, floods, or earthquakes, etc., and reduced incomes during the shutdown; 2. The health and safety of equipment and personnel are negatively affected, and damage to equipment and casualties increase the Company's operating costs, human resources costs, and increased the Company's premiums and economic losses.	1. Positive follow climate change, forecast and assess the severity of potential risks, and take measures in advance to address climate change; 2. Check the equipment regularly, reinforce and maintain the equipment timely; 3. Strengthen inspection in case of a disaster and keep informed of its developments; 4. Insure tower cranes to reduce potential economic losses; 5. Formulate emergency plans, and conduct scenario simulation when possible; 6. Strengthen safety education and training for employees to help them address natural disasters; 7. Improve the Group's emergency response plan, and in bad weather, mandate the suspension of aloft work.

Environmental, Social and Governance Report

Type of risks	Potential financial impact	Response actions
Transition risks	1. The promulgation of laws and regulations related to climate change increases the Company's compliance costs; 2. More stringent product standards, resulting in the Company's increase in costs for purchasing equipment and increase in R&D expenses; 3. As the public demands on enterprises to cope with climate change increase, failing to meet the public expectations will undermine the Company's image.	1. Actively pay attention to the latest laws and regulations, strictly implement energy-saving and emission-reduction measures, and improve the Company's environmental protection system; 2. Be proactive in understanding market needs and focus on clean energy; 3. Disclose environmental performance indicators in strict accordance with the requirements of Stock Exchange, keep in touch with stakeholders, understand their expectations of the Company and make improvements.

Risk Management

The identified climate risks are classified into high, medium and low risk levels by the severity of their impacts. We oversee the effectiveness of risk management and internal monitoring systems, processes for assessing and managing climate-related risks and opportunities. The Group pays close attention to climate-related policy changes and regulatory trends that may affect the Group's business and timely adjusts risk levels.

Indicators and objectives

Indicators and objectives for assessing and managing climate-related risks and opportunities, including implementing measures for energy conservation and emission reduction, waste management and water resources management. The Group is actively collecting greenhouse gas emissions and emission density in Scope 1 and Scope 2 to analyze the impact of climate change on the data, so as to ensure the rationality and validity of quantitative indicators.

During the Reporting Period, the Group did not have any climate-related matters which had a material adverse impact on the Group.

Environmental, Social and Governance Report

11. COMMUNITY INVESTMENT

Being a social responsible enterprise, the Group has been combining its social responsibility with its sustainable development strategy. It has committed to involve in charitable activities to help vulnerable groups, which helps build a positive image of the Company. During the Reporting Period, we have strictly adhered to the government's pandemic prevention and control measures to help fulfill our social responsibility to protect public health and mitigate the impact of the pandemic.

During the Reporting Period, the Group had not participated in any charitable activities and made no charitable donations due to the government's prevention and control measures. As of the date of this Annual Report, the Group participated in the "E.G.G.Walkathon" activity and donated RMB81,915.0.

On the afternoon of 30 September 2022, led by Ms. Wang Dandan, chairman of the Labour Union of Tat Hong Zhaomao, we came to the Xinhong Comprehensive Elderly Service Centre to provide condolences for the elderly, and participated in the Double Ninth Festival activities with the elderly, and extended festival greetings. At the event, Chairman Wang Dandan had a conversations with the elderlies, learning about their recent life and physical conditions, and wished them to take care of their health and longevity. We listened to the elderly chorus "Great China", together and joined them for their handcrafts. Everyone was immersed in a warm atmosphere, and we also saw a good mental outlook from the elderly whose face was full of smile.

APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT INFORMATION

Environmental KPIs[1]	Unit	Fiscal year 2023	Fiscal year 2022
Emissions[2]			
Nitrogen oxides (NO_x)	kg	2,950.87	5,623.34
Nitrogen oxides (NO_x) emissions intensity per square metre	kg/square metre	0.022	0.030
Sulphur oxides (SO_x)	kg	4.60	7.27
Sulphur oxides (SO_x) emissions intensity per square metre	kg/square metre	0.000035	0.00004
Particulate matter (PM)	kg	261.49	458.38
Particulate matter (PM) emissions intensity per square metre	kg/square metre	0.0020	0.003
Vehicles' fuel consumption			
Petrol	Litre	225,645.93	294,870.30
Petrol consumption per output value 10,000 yuan	Litre/RMB10,000	2.93	5.13
Greenhouse gas emissions			
Direct greenhouse gas emissions (Scope 1)	tonnes of carbon dioxide equivalent (CO2e)	826.78	1,288.36
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO2e	917.82	1,311.42
Total greenhouse gas emissions (Scope 1 and 2)	tonnes of CO2e	1,744.60	2,599.78
Greenhouse gas emissions intensity per square metre (Scope 1 and 2)	tonnes of CO2e/square metre	0.013	0.02
Hazardous waste			
Total hazardous waste produced	No. of computer	34	32
	No. of battery	326	330
Hazardous waste intensity per employee	No. of computer/employee	0.03	0.03
	No. of battery/employee	0.24	0.27
Total hazardous waste produced	kg (waste engine oil)	1,390.00	7,820.00
	kg (paint residue)	2,200.00	6,520.00
	kg (blasting dust)	4,040.00	6,380.00
Hazardous waste produced per employee	kg (waste engine oil)/employee	1.03	6.48
	kg (paint residue)/employee	1.63	5.40
	kg (blasting dust)/employee	2.99	5.29
Non-hazardous waste			
Total non-hazardous waste produced	kg	50,889.00	73,321.00
Non-hazardous waste intensity per employee	kg/employee	37.61	60.70
Paper			
Paper consumption	kg	9,643.70	4,877.30
Paper consumption intensity per employee	kg/employee	7.13	4.04
Energy usage			
Total electricity consumption	kWh	1,504,382.60	2,149,513.58
Electricity consumption intensity per square metre	kWh/square metre	11.31	12.20
Water consumption			
Total water consumption	Cubic metre	27,555.00	14,697.82
Water consumption intensity per square metre	Cubic metre/square metre	0.20	0.08

1 The disclosure scope of environmental KPIs includes all offices and subsidiaries of the Group
2 Emissions produced by vehicles

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Social KPIs[4]	Unit	Fiscal year 2023	Fiscal year 2022
Total workforce	Person	1,353	1,207
Number of employees by gender			
Female	Person	360	281
Male	Person	993	926
Number of employees by employment type[3]			
Full-time junior employees	Person	1,171	1,103
Full-time middle management	Person	166	85
Full-time senior management	Person	16	19
Number of employees by age group			
Employees under the age of 30	Person	334	311
Employees aged 30–50	Person	925	823
Employees aged over 50	Person	94	73
Number of employees by geographical region			
Northern China	Person	126	120
Eastern China	Person	399	396
Central China	Person	45	0
Northwestern China	Person	96	128
Southern China	Person	687	563
Employee turnover rate[5]			
Total turnover rate	%	16.8	24.2
Employee turnover rate by gender			
Turnover rate for female	%	20.4	6.7
Turnover rate for male	%	15.4	17.5
Employee turnover rate by age group			
Employees under the age of 30	%	17.7	8.7
Employees aged 30–50	%	17.0	14.6
Employees aged over 50	%	11.3	0.9
Employee turnover rate by geographical region			
Northern China	%	28.0	1.1
Eastern China	%	21.6	9.4
Central China	%	40.0	0
Northwestern China	%	17.2	2.1
Southern China	%	6.4	11.7

3 The Group has no part-time employees in both fiscal year 2022 and fiscal year 2023

4 Social KPIs to be disclosed encompass the data of the whole Group (including its subsidiaries)

5 Turnover rate calculation method: Number of departed employees ÷ (Number of departed employees + Number of year-end employees) × 100%; the number of departed employees and year-end employees excludes short-term contract/part-time employees

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Social KPIs[4]	Unit	Fiscal year 2023	Fiscal year 2022
Number of work-related fatalities and lost days due to work injury			
Number of work-related fatalities	Person	0	0
Lost days due to work injury	Day	92	0
Number of employees trained by gender[6]			
Female employees	Person-time	452	388
Male employees	Person-time	1,174	1,205
Number of employees trained by employment type			
Junior employees	Person-time	1,413	1,489
Middle management	Person-time	194	85
Senior management	Person-time	19	19
Average training hours completed per employee by gender			
Female employees	Hour	76	65
Male employees	Hour	90	77
Average training hours completed per employee by employment type[9]			
Average training hours completed per junior employee	Hour	85	75
Average training hours completed per middle-level employee	Hour	90	75
Average training hours completed per senior employee	Hour	79	79
Percentage of employees trained[7]			
Percentage of total employees trained	%	100	100
Percentage of employees trained by gender[8]			
Percentage of female employees trained	%	100	100
Percentage of male employees trained	%	100	100
Percentage of employees trained by age group[8]			
Employees under the age of 30	%	100	100
Employees aged 30–50	%	100	100
Employees aged over 50	%	100	100
Percentage of employees trained by employment type[8]			
full-time junior employees	%	100	100
full-time medium management	%	100	100
full-time senior management	%	100	100

6 Number of trained employees: The number of trained employees refers to the total number of employees attending training during the Reporting Period, including the employees who have left during the Reporting Period

7 Percentage of employees trained: Number of employees trained ÷ (Number of departed employees + Number of year-end employees) ×100%; the number of employees trained includes departed employees

8 Percentage of employees trained by such category: Number of employees trained of such category ÷ (Number of departed employees of such category + Number of year-end employees of such category) ×100%; the number of employees trained of such category includes departed employees

9 Average training hours completed by such category: Total training hours of such category ÷ (Number of departed employees of such category + Number of year-end employees of such category), the number of employees trained of such category includes departed employees

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APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

KPIs			Relevant Chapter(s)
A. Environmental			
Aspect A1: Emissions	General Disclosure	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	10. Environment
	KPI A1.1	The types of emissions and respective emissions data.	10.1 Emissions Appendix I: Summary of Sustainable Development Information
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, if applicable, intensity (e.g., per unit of production volume, per facility).	10.1 Emissions Appendix I: Summary of Sustainable Development Information
	KPI A1.3	Total hazardous waste produced (in tons) and, if applicable, intensity (e.g., per unit of production volume, per facility).	10.1 Emissions Appendix I: Summary of Sustainable Development Information
	KPI A1.4	Total non-hazardous waste produced (in tons) and, if applicable, intensity (e.g., per unit of production volume, per facility).	10.1 Emissions Appendix I: Summary of Sustainable Development Information
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	10.1 Emissions Energy Conservation and Emission Reduction
	KPI A1.6	Description of measures to handle hazardous and non-hazardous wastes, and description of reduction target(s) set and steps taken to achieve them.	10.1 Emissions
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	10.2 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).	10.2 Use of resources Appendix I: Summary of Sustainable Development Information
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	10.2 Use of resources Appendix I: Summary of Sustainable Development Information
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	10.2 Use of resources

Environmental, Social and Governance Report

KPIs			Relevant Chapter(s)
	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.	10.2 Use of resources
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The packaging material used for finished products is not applicable for our business
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	10.3 Environment and nature resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	10.3 Environment and nature 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.	10.4 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.	10.4 Climate change
B. Social Employment and Labour Practices			
Aspect B1:Employment	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:	9. Employment and labour practices
	KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	9.1 Employment, promotion and Dismissal 9.2 Compensation and benefit Appendix I: Summary of Sustainable Development Information
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	9.1 Employment, promotion and Dismissal Appendix I: Summary of Sustainable Development Information

Environmental, Social and Governance Report

KPIs			Relevant Chapter(s)
Aspect B2: Health and Safety	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:	9.3 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.	9.3 Health and safety Appendix I: Summary of Sustainable Development Information
	KPI B2.2	Lost days due to work injury.	9.3 Health and safety Appendix I: Summary of Sustainable Development Information
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	9.3 Health and safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9.4 Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	9.4 Development and Training Appendix I: Summary of Sustainable Development Information
	KPI B3.2	The average training hours completed per employee by gender and employee category.	9.4 Development and Training Appendix I: Summary of Sustainable Development Information
Aspect B4: Labour Standards	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 or forced labour:	9.5 labor Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	9.5 labor Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	9.5 labor Standards
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	8 Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	8 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.	8 Supply Chain Management

KPIs			Relevant Chapter(s)
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	8 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.	8 Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure	Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6. Product responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.1 Health and Safety of Products
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.3 Customer Service and Satisfaction 6.2 Health and Safety of Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.4 Intellectual Property Protection
	KPI B6.4	Description of quality assurance process and recall procedures.	6.1 Health and Safety of Products
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.5 Data Privacy and Information Security
Aspect B7: Anti-corruption	General Disclosure	Relating to bribery, extortion, fraud and money laundering: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	7. 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.	7. Anti-corruption
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	7. Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and employees.	7. Anti-corruption
Aspect B8: Community Investment	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.	11. Community Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	11. Community Investment
	KPI B8.2	Resources contributed to the focus area (e.g. money or time).	11. Community Investment

Independent Auditor's Report

To the Shareholders of Tat Hong Equipment Service Co., Ltd.
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tat Hong Equipment Service Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 97 to 165 comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 identified in our audit are summarised as follows:

- Revenue recognition of one-stop tower crane solution services
- Impairment assessment of contract assets and trade receivables

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of one-stop tower crane solution services Refer to Note 2.21 in the summary of significant accounting policies, Notes 5 and 6 to the consolidated financial statements. The Group derives its revenues from one-stop tower crane solution services and dry lease which amounted to approximately RMB766,202,000 and RMB4,550,000 for the year ended 31 March 2023, respectively. One-stop tower crane solution services contains lease component ("**Operating Lease**") and non-lease component ("**Hoisting Service**"). The total consideration of the service contract is allocated to the Operating Lease and Hoisting Service, based on the relative stand-alone selling prices, using the expected costs plus margin approach. Revenue from Operating Lease is recognised on a straight-line basis over the lease term. Revenue from Hoisting Service is recognised over the service period using input method, which is on the basis of the Group's inputs to the satisfaction of Hoisting Service. Significant effort was spent in auditing revenue recognised due to the large volume of transactions and management's judgement and estimates used in determining project duration and cost of completion.	We obtained an understanding of the management's internal control and assessment process of revenue recognition and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, mainly complexity. We evaluated and tested the key controls over the revenue recognition. We compared the current year actual results including the project duration with contract terms, and compared the actual costs with the prior year estimation to assess the effectiveness of management's estimation process. We tested the total contract prices of projects, on a sample basis, to the project contracts, adjustment confirmations of project duration and settlement confirmations between the Group and its customers. We tested, on a sample basis, the actual costs incurred during the year and the cost of completion of selected projects, which were used as a basis for the allocation of total consideration, to supporting documents such as the purchase contracts, the salary lists, the supplies' invoices and management's forecast on cost of completion with reference to historical cost pattern. We recalculated the allocation of the total consideration of service contracts to Operating Lease and Hoisting Service. We recalculated the revenue of Operating Lease recognised based on the expected project duration on a straight-line basis. We recalculated the progress of Hoisting Service based on the latest actual cost incurred and expected total cost, and further recalculated the revenue of Hoisting Service using input method. Based on our work performed, we found management's judgements and estimates used in the revenue recognition were supported by available evidences.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of contract assets and trade receivables Refer to Note 2.8 and 2.11 and 2.23 in the summary of significant accounting policies, Note 3.1 in the Financial risk management, Notes 5 and 23 to the consolidated financial statements. As at 31 March 2023, the Group recognised contract assets and trade receivables of RMB322,268,000 and RMB647,347,000 respectively and the loss allowance on contract assets and trade receivables is approximately RMB1,484,000 and RMB16,276,000, respectively. The Group recorded provision for net impairment loss on contract assets and trade receivables in the consolidated statements of comprehensive income of approximately RMB4,413,000 for the year ended 31 March 2023. The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables. To measure the expected credit losses, contract assets and trade receivables have been grouped based on shared credit risk characteristics. For trade receivables and contract assets that share same credit risk characteristics with others, the Group estimated the expected credit losses based on estimation about risk of default and expected credit loss rates. Management calculated the historical default rate based on the payment profile of debtors, including sales and the related bad debts in the observed period. The expected lifetime loss is estimated based on internal historical data with adjustment to reflect current conditions and forward looking factors such as the Gross Domestic Product ("**GDP**"). We focused on this area due to the significant management estimates involved in the impairment assessment of contract assets and trade receivables which are subjective.	We obtained an understanding of management's internal control and assessment process of impairment of contract assets and trade receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and subjectivity, etc We evaluated and tested the key controls over the impairment assessment of contract assets and trade receivables, including the review of ageing and collectability of the receivable balances, and the review and approval of the model and assumptions used in expected credit loss assessment. We tested, on a sample basis, the aging analysis of contract assets and trade receivables at year end to supporting documents. We assessed the historical default rate by considering the payment profile of debtors. We tested the historical data used in the calculation of the historical default rate, including sales and the related bad debts, on a sample basis, to supporting documents. We evaluated, with assistance from our internal expert, management's assessment of current conditions and forward looking factors including the GDP, with reference to external data sources. Based upon the above procedures, we found that the significant management estimates involved in the impairment assessment of contract assets and trade receivables were supported by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 DIRECTORS AND THE AUDIT COMMITTEE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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. We report our opinion solely to you, as a body, 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 judgment and maintain professional scepticism 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.

Independent Auditor's Report

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

- Conclude on the appropriateness of the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is CHAN Chiu Kong, Edmond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 June 2023

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2023 RMB'000	2022 RMB'000
Revenue	6	**770,752**	867,020
Cost of sales	9	**(597,521)**	(632,881)
Gross profit		**173,231**	234,139
Selling and distribution expenses	9	**(14,464)**	(17,526)
General and administrative expenses	9	**(90,976)**	(129,169)
Research and development expenses	9	**(29,688)**	(25,433)
Provision for financial assets and contract assets	3.1	**(4,413)**	(6,592)
Other income	7	**7,120**	14,677
Other gains/(losses), net	8	**2,854**	(3,991)
Operating profit		**43,664**	66,105
Finance costs	10	**(81,515)**	(21,096)
Finance income	10	**718**	861
(Loss)/profit before income tax		**(37,133)**	45,870
Income tax credit	11	**1,320**	1,765
(Loss)/profit for the year		**(35,813)**	47,635
(Loss)/profit for the year attributable to:			
Owners of the Company		**(35,813)**	47,635
Other comprehensive income, net of tax			
Item that may be reclassified to profit or loss:			
Currency translation difference		**10**	241
Other comprehensive income for the year, net of tax		**10**	241
Total comprehensive (losses)/income for the year, net of tax		**(35,803)**	47,876
Basic and diluted (losses)/earnings per share	15	**(0.03)**	0.04

The notes on page 102 to 165 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

		As at 31 March	
		2023	2022
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**1,651,070**	1,560,462
Right-of-use assets	18	**101,209**	81,185
Intangible assets	19	**21,176**	25,569
Contract assets	5	**66,549**	27,296
Other non-current assets	20	**60,594**	31,528
Total non-current assets		**1,900,598**	1,726,040
Current assets			
Inventories	22	**39,584**	33,813
Contract assets	5	**254,235**	285,144
Trade receivables	23	**631,071**	582,184
Prepayments and other receivables	24	**146,658**	96,232
Financial assets at fair value through other comprehensive income	25	**21,925**	25,363
Restricted cash	26	**3,423**	—
Cash and cash equivalents	26	**155,551**	169,858
Total current assets		**1,252,447**	1,192,594
Total assets		**3,153,045**	2,918,634

The notes on page 102 to 165 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 March 2023 RMB'000	 2022 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	31	**617,415**	474,873
Lease liabilities	18	**47,566**	34,375
Deferred income tax liabilities	30	**67,628**	70,706
Provisions	34	**33,906**	28,144
Total non-current liabilities		**766,515**	608,098
Current liabilities			
Trade and bills payables	32	**387,268**	431,444
Contract liabilities	5	**896**	15,060
Other payables and accruals	33	**37,234**	68,315
Borrowings	31	**363,845**	167,093
Lease liabilities	18	**38,092**	24,353
Provisions	34	**41,576**	34,438
Total current liabilities		**868,911**	740,703
Total liabilities		**1,635,426**	1,348,801
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	27	**593,026**	593,026
Reserves	28	**512,974**	520,845
Retained earnings		**411,619**	455,962
Total equity		**1,517,619**	1,569,833
Total equity and liabilities		**3,153,045**	2,918,634

The notes on page 102 to 165 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 29 June 2023 and were signed on its behalf.

Yau Kok San
Director

Lin Han-wei
Director

Consolidated Statement of Changes In Equity

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 April 2021	593,026	256,377	243,605	39,928	(220)	418,213	1,550,929
Profit for the year							
Other comprehensive income:	–	–	–	–	–	47,635	47,635
– Currency translation difference	–	–	–	–	241	–	241
Total comprehensive income	–	–	–	–	241	47,635	47,876
Dividends (Note 14)	–	(58,024)	–	–	–	–	(58,024)
Share award scheme – value of employee services (Note 29)	–	–	–	–	29,052	–	29,052
Statutory reserve	–	–	–	9,886	–	(9,886)	–
At 31 March 2022	593,026	198,353	243,605	49,814	29,073	455,962	1,569,833
At 1 April 2022	593,026	198,353	243,605	49,814	29,073	455,962	1,569,833
Profit for the year							
Other comprehensive income:	–	–	–	–	–	(35,813)	(35,813)
– Currency translation difference	–	–	–	–	10	–	10
Total comprehensive income	–	–	–	–	10	(35,813)	(35,803)
Dividends (Note 14)	–	(16,411)	–	–	–	–	(16,411)
Statutory reserve	–	–	–	8,530	–	(8,530)	–
At 31 March 2023	**593,026**	**181,942**	**243,605**	**58,344**	**29,083**	**411,619**	**1,517,619**

The notes on page 102 to 165 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	35	**270,991**	264,299
Interest received		**718**	861
Interest paid		**(40,499)**	(23,208)
Income taxes received/(paid)		**374**	(17,982)
Net cash inflow from operating activities		**231,584**	223,970
Cash flows from investing activities			
Payments for property, plant and equipment		**(484,917)**	(579,120)
Payments for intangible assets		**(118)**	—
Proceeds from redemption of financial assets at fair value through profit or loss		**—**	200,050
Interest received on financial assets at fair value through profit or loss		**—**	2,003
Proceeds from disposals of property, plant and equipment and right-of-use assets	35	**20,805**	63,167
Net cash outflow from investing activities		**(464,230)**	(313,900)
Cash flows from financing activities			
Proceeds from borrowings		**773,420**	614,960
Repayment of borrowings		**(470,614)**	(450,876)
Loans from a related party	35, 37	**24,662**	—
Repayment of loans from a related party	35, 37	**(24,666)**	—
Payments for lease liabilities	35	**(38,300)**	(24,418)
Dividend paid to the Company's shareholders	14	**(45,498)**	(28,937)
Net cash inflow from financing activities		**219,004**	110,729
Net (decrease)/increase in cash and cash equivalents		**(13,642)**	20,799
Cash and cash equivalents at beginning of the year	26	**169,858**	149,515
Effects of exchange rate changes on cash and cash equivalents		**(665)**	(456)
Cash and cash equivalents at end of the year	26	**155,551**	169,858

The notes on page 102 to 165 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION OF THE GROUP

Tat Hong Equipment Service Co., Ltd. (the "**Company**") was incorporated in the Cayman Islands on 26 August 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in one-stop tower crane solution services from consultation, technical solution design, commissioning, construction to after-sale service primarily to the State Owned and other contractors in People's Republic of China (the "**PRC**"). The ultimate parent company of the Group is Chwee Cheng & Sons Pte Ltd, a company incorporated in Singapore on 22 January 1994 with limited liability.

The Company's shares have been listed on the Stock Exchange of Hong Kong Limited since 13 January 2021.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

(a) New and amended standard adopted by the Group

The Group has applied the following standard and amendment for the first time for their annual financial period commencing 1 April 2022:

		Effective for annual periods beginning on or after
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

This newly adopted standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 March 2023 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is currently assessing the impact of applying these new standards and amendments. At this stage, the Group does not intend to early adopt any of these new standards or expect these new standards and amendments, to have significant impact on the consolidated financial statements.

2.2 Subsidiaries

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains/(losses) on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

Business combination *(Continued)*

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income on a net basis within "Other gains/(losses), net".

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income on a net basis within "Finance income and costs". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within "Other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the end of the reporting period;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income/(losses).

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and the initial estimate of the costs of installing and dismantling the items operated during the lease and service period. These costs are depreciated during the lease and service period (Please refer to Note 2.21 for details).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Machinery	15–20 years
Transportation	5 years
Office equipment	5 years
Leasehold improvements	5 years, or over lease term, whichever is the shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses), net" in the consolidated statements of comprehensive income.

2.6 Intangible assets

Patent

Patents represent the patent rights for utility model or design. Patents are stated at historical cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 10 years. The Group determined the patents to have a useful life of 10 years which reflects the pattern that the patents' future economic benefits are expected to be consumed.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets *(Continued)*

Software

Software is stated at historical cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3–5 years.

Research and development

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects of patent and software are capitalised as intangible assets when recognition criteria are met, including:

(a) it is technically feasible to complete patent and software so that it will be available for use;

(b) management intends to complete patent and software and use or sell it;

(c) there is an ability to use or sell patent and software;

(d) it can be demonstrated how patent and software will generate probable future economic benefits;

(e) adequate technical, financial and other resources to complete the development and to use or sell patent and software are available; and

(f) the expenditure attributable to patent and software during its development can be reliably measured.

Other development costs that do not meet those criteria are expensed as incurred.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

2.8.3 Measurement *(Continued)*

Debt instruments (Continued)

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statements of comprehensive income and recognised in "Other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in "Other gains/(losses), net" in the period in which it arises.

2.8.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 23 for further details.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventories are determined after deducting rebates and discounts. 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 23 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.12 Cash and cash equivalents

In the consolidated cash flow statements, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as share premium.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax *(Continued)*

Deferred income tax *(Continued)*

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statements of financial position.

Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined contribution pension plans even if the employee leaves.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Share-based payments

One of the shareholders of the Company awarded certain of equity instruments of the Company to the Group's employees. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in equity expenses, with a corresponding credit to equity in the Company's consolidated financial statements.

2.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The costs of installation and dismantlement of the machinery are initially recognised as the obligation, capitalised as part of machinery, and classified as decommissioning liabilities.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates, returns and discounts and after eliminating sales within the Group. The Group recognises revenue when it transfers control of the goods or services to a customer.

One-stop tower crane solution services

The Group provides one-stop tower crane solution services to its customers. The service contract with customers contains lease component ("**Operating Lease**") and non-lease component ("**Hoisting Service**").

The customers have the option to renew or early terminate the contract based on its actual construction progress. The Group determines the contract term based on the Operating Lease term, considering the likelihood that the renewal option and termination option are exercised by customers. The total consideration of the service contract is allocated to the Operating Lease and Hoisting Service, based on the relative stand-alone selling prices, using the expected cost plus margin approach.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

One-stop tower crane solution services *(Continued)*

- The Group accounts for the Hoisting Service as a separate performance obligation. Revenue from Hoisting Service is recognised over the service period because customers can simultaneously receive and consume the benefits provided by the Group's performance as the Group performs. The progress towards complete satisfaction of performance obligation is measured by input method, which is on the basis of the Group's inputs to the satisfaction of Hoisting Service, mainly including labour hours incurred, relative to the total expected inputs to the satisfaction of Hoisting Service.

- Revenue from Operating Lease is recognised on a straight-line basis over the lease term.

When the customer exercises the option to renew or early terminate the contract, the Group revises the contract term. Any prepaid lease payments relating to the original lease are considered as part of the payments for the new lease, and they are spread over the new term of the modified Operating Lease. The additional consideration from the exercise of the option does not reflect a separate performance obligation. The new total consideration (consideration of remaining contract plus consideration of new contract) is reallocated to lease and non-lease component when the customer exercises the option.

Dry lease

The Group also provides dry lease to customers, which does not contain hoisting service. Revenue from dry lease is recognised on a straight-line basis over the lease term.

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceeds the measure of the remaining unsatisfied performance obligations.

2.24 Leases

The Group leases properties, machineries and lands as lessee. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Leases *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

To determine the incremental borrowing rate, the Group:

- uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in revenue on a straight-line basis over the lease term (Note 2.21). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statements of financial position based on their nature.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group mainly operates in the PRC with functional currency as RMB. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities including cash and cash equivalents, borrowings, and other payables and accruals denominated in SGD, USD and HKD which is not the functional currency of the relevant group entities. The Group may consider to enter into cross currency swap to hedge the foreign exchange risk.

As at 31 March 2023, if SGD has strengthened/weakened by 5% against RMB, with all other variables held constant, the profit before income tax for the year would have been approximately RMB935,000 (2022: RMB1,392,000) lower/higher.

As at 31 March 2023, if USD has strengthened/weakened by 5% against RMB, with all other variables held constant, the profit before income tax for the year would have been approximately RMB251,000 (2022: RMB12,730,000) lower/higher.

As at 31 March 2023, if HKD has strengthened/weakened by 5% against RMB, with all other variables held constant, the profit before income tax for the year would have been approximately RMB1,447,000 (2022: RMB890,000) lower/higher.

Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and loans from a related party.

As at 31 March 2023, if interest rates increased or decreased by 50 base points and all other variables were held constant, the Group's post-tax profit would decrease or increase by approximately RMB174,000 (2022: RMB1,337,000) as a result of increase or decrease in net interest expense.

As the Group has no significant interest-bearing assets except for the cash and bank balances, the Group's income and operating cash flows are substantially independent of changes in market interest rates. However, the exposure in this regard is considered to be minimal as the bank balances are all short-term in nature. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk

The Group is exposed to credit risk in relation to its restricted cash, cash and cash equivalents, financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income, contract assets and trade and other receivables. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk on trade debtors is managed by the management of the individual business units and monitored by the Group's management on a group basis. Most customers are sizable and renowned. Management assesses the credit quality of smaller customers by considering their financial position, past experience therewith and other relevant factors. The utilisation of credit limits is regularly monitored.

(i) *Credit risk of restricted cash and cash and cash equivalents*

To manage this risk arising from bank balances, the Group primarily transacts with reputable banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(ii) *Credit risk of contract assets and trade receivables*

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of customers; and
- significant changes in the expected performance and behaviour of the customers, including changes in the payment status.

The expected loss rates are based on the payment profiles of sales over a period of at least 60 months before the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes in these factors.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

(ii) Credit risk of contract assets and trade receivables (Continued)

	Within credit term RMB'000	Less than 180 days past due RMB'000	181 days to 365 days past due RMB'000	1 to 2 years past due RMB'000	More than 2 years past due RMB'000	Total RMB'000
31 March 2023						
Trade receivables						
Gross carrying amount	**186,923**	**220,259**	**98,976**	**79,226**	**61,963**	**647,347**
Loss allowance	**(868)**	**(4,209)**	**(2,144)**	**(3,738)**	**(5,317)**	**(16,276)**
Expected loss rate	**0.42%–1.19%**	**0.94%–14.79%**	**1.78%–13.67%**	**2.13%–33.78%**	**2.16%–53.65%**	**1.17%–20.99%**
Contract assets — current and non-current						
Gross carrying amount	**322,268**	**–**	**–**	**–**	**–**	**322,268**
Loss allowance	**(1,484)**	**–**	**–**	**–**	**–**	**(1,484)**
Expected loss rate	**0.42%–1.19%**	**–**	**–**	**–**	**–**	**0.42%–1.19%**

	Within credit term RMB'000	Less than 180 days past due RMB'000	181 days to 365 days past due RMB'000	1 to 2 years past due RMB'000	More than 2 years past due RMB'000	Total RMB'000
31 March 2022						
Trade receivables						
Gross carrying amount	138,083	224,863	89,272	98,000	43,848	594,066
Loss allowance	(557)	(2,749)	(1,748)	(2,088)	(4,740)	(11,882)
Expected loss rate	0.41%–0.45%	1.20%–1.69%	1.92%–2.44%	2.11%–2.64%	3.51%–62.28%	1.44%–8.28%
Contract assets — current and non-current						
Gross carrying amount	313,727	–	–	–	–	313,727
Loss allowance	(1,287)	–	–	–	–	(1,287)
Expected loss rate	0.41%–0.45%	–	–	–	–	0.41%–0.45%

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

(ii) Credit risk of contract assets and trade receivables (Continued)

The movements in provision for impairment of contract assets and trade receivables are as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Contract assets		
At the beginning of the year	**1,287**	891
Provision for previous impairment losses	**197**	396
At the end of the year	**1,484**	1,287

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Trade receivables		
At the beginning of the year	**11,882**	5,695
Provision for previous impairment losses	**4,216**	6,196
Currency translation differences	**178**	(9)
At the end of the year	**16,276**	11,882

(iii) Credit risk of other receivables

Other receivables mainly comprise deposits and other receivables. The Directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the years ended 31 March 2023 and 2022. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

As at 31 March 2023 and 2022, there was no significant increase in credit risk since initial recognition, the Group assessed that the expected credit losses for these receivables are not material through using the 12 months expected losses method.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

(iv) Credit risk of financial assets at fair value through other comprehensive income

All of the Group's financial assets at fair value through other comprehensive income are considered to have low credit risk because they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Liquidity risk

The table below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**
As at 31 March 2023					
Borrowings	**363,845**	**134,372**	**483,043**	**—**	**981,260**
Trade and bills payables	**387,268**	**—**	**—**	**—**	**387,268**
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	**12,461**	**—**	**—**	**—**	**12,461**
Interest payables	**41,328**	**29,267**	**32,035**	**—**	**102,630**
Lease liabilities	**42,140**	**25,541**	**18,822**	**10,922**	**97,425**
	847,042	**189,180**	**533,900**	**10,922**	**1,581,044**

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 March 2022					
Borrowings	167,093	93,184	381,689	—	641,966
Trade and bills payables	431,444	—	—	—	431,444
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	14,874	—	—	—	14,874
Interest payables	26,577	17,711	24,307	—	68,595
Lease liabilities	30,620	16,392	17,358	8,376	72,746
	670,608	127,287	423,354	8,376	1,229,625

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and interest payables and lease liabilities less restricted cash, cash and cash equivalents. Total capital is calculated as 'total equity' as shown in the consolidated statements of financial position plus net debt.

The net debt to total capital ratios at 31 March 2023 and 2022 were as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Net debt	**911,817**	533,327
Total equity	**1,517,619**	1,569,833
Total capital	**2,429,436**	2,103,160
The net debt to total capital ratio	**38%**	25%

3.3 Fair value estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
As at March 31, 2023				
Assets				
Financial assets at fair value through other comprehensive income	**—**	**—**	**21,925**	**21,925**
As at March 31, 2022				
Assets				
Financial assets at fair value through other comprehensive income	—	—	25,363	25,363

There were no transfers between Level 1, 2 and 3 during year.

Level 3 financial assets at fair value through other comprehensive income comprise bank and commercial acceptance notes that are held for collection of contractual cash flow and for selling the financial assets. The fair values are estimated by using a discounted cash flow approach with discount rates quoted in main state-owned banks.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of financial assets at fair value through other comprehensive income:

Fair value As at 31 March		**Un-observable**	**Inputs (probability-weighted average) Year ended 31 March**	
2023 **RMB'000**	2022 RMB'000		**2023**	2022
21,925	25,363	Discount rates quoted in main state-owned banks	**2.96%**	3.92%

The higher the discount rates quoted in main state-owned banks, the lower the fair value is.

Increasing/decreasing the discount rates quoted in main state-owned banks by 0.5% would decrease/increase the fair values as at 31 March 2023 and 2022 by approximately RMB75,000/RMB 75,000 and RMB39,000/RMB 40,000, respectively.

Notes to the Consolidated Financial Statements

4 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

Revenue recognition

The total consideration of the service contract is allocated to the Operating Lease and the Hoisting Service, based on the relative stand-alone selling prices, using the expected cost plus margin approach. Judgment is needed to determine the cost and an appropriate margin included in the estimate. The expected cost of the Operating Lease and Hoisting Service of each contract are estimated separately by the management according to the project forecast. The management determines the reasonable margin for Operating Lease and Hoisting Service, considering the margins achieved on standalone sales of similar service, market data related to historical margins within the industry and project objectives, etc.

The Group applies input method to measure the progress of Hoisting Services provided by the Group, which is based on the entity's inputs to the satisfaction of Hoisting Service relative to the total expected inputs to the satisfaction of Hoisting Service. Because of the nature of the activity undertaken in hoisting, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. In the contract progress, the management of the Group regularly reviews the transaction price and contract modification, contract costs in the budget prepared for each contract, the progress of the contracts performance and the accumulated actual cost. If there are circumstances that there are changes in the transaction price, the contract costs in the budget or the progress of the contract performance, estimates are revised. These revisions may result in increasing or decreasing in estimated revenues or costs in the consolidated statements of comprehensive income.

Impairment of contract assets and trade receivables

The loss allowance for contract assets and trade receivables disclosed in Note 3.1 is based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts of the Group's contract assets and trade receivables are disclosed in Note 5 and Note 23.

Notes to the Consolidated Financial Statements

4 CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)*

Impairment and useful lives of property, plant and equipment

The Group follows the guidance of HKAS 36 to determine when property, plant and equipment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates internal and external source information, including but not limited to whether:

(i) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;

(ii) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;

(iii) Evidence is available of obsolescence or physical damage of an asset; and

(iv) Evidence is available from internal reporting which indicates that the economic performance of an asset is, or will be, worse than expected.

Management estimates useful lives of the property, plant and equipment by reference to the Group's assets management policy, the industry practice, and technical or commercial obsolescence arising from changes or improvements in the market. The depreciation expense will be significantly affected by the useful lives of the property, plant and equipment as estimated by management.

Income taxes and deferred income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The operating segments derive their revenue primarily from the tower crane service.

No geographical segment information is presented as all the revenue and operating profits of the Group are derived within PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Customer A	**101,318**	172,072
Customer B	**81,719**	72,774
Total	**183,037**	244,846

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Contract assets		
Non-current	**66,833**	27,408
Loss allowance	**(284)**	(112)
	66,549	27,296
Current	**255,435**	286,319
Loss allowance	**(1,200)**	(1,175)
	254,235	285,144
Total contract assets	**320,784**	312,440

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION *(Continued)*

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**3,332**	6,566

(ii) Unsatisfied performance obligations

The following table shows unsatisfied one-stop tower crane solution services and dry lease resulting from long-term contracts which have not been commenced or have been commenced but not yet been completed.

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
One-stop tower crane solution services	**589,030**	668,331
Dry lease	**13,778**	3,128
	602,808	671,459

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB454,740,000 as of 31 March 2023 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB148,068,000 will be recognised as revenue after 1 year but less than 5 years.

6 REVENUE

An analysis of revenue is as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Timing of revenue recognition		
— Over the time		
One-stop tower crane solution services:		
— Operating Lease	**385,331**	396,262
— Hoisting Service	**380,871**	466,097
Dry lease	**4,550**	4,661
	770,752	867,020

Notes to the Consolidated Financial Statements

7 OTHER INCOME

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Value-added tax refund	**3,852**	6,330
Government grants	**2,310**	7,984
Others	**958**	363
	7,120	14,677

Government grants provided to the Group mainly related to financial assistance from the local government in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

8 OTHER GAINS/(LOSSES), NET

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss	**–**	1,237
Exchange losses	**(665)**	(456)
Gains/(losses) on disposal of property, plant and equipment and right-of-use assets	**3,519**	(4,772)
	2,854	(3,991)

9 EXPENSES BY NATURE

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets (Notes 17 and 18)	**283,271**	263,829
Labour subcontracting cost	**229,343**	266,364
Employee benefit expenses (Note 12) (excluding share award scheme)	**108,803**	107,998
Rental expenses	**22,342**	28,537
Material fees	**15,894**	19,583
Travel expenses	**15,183**	18,406
Repair expenses	**9,316**	16,114
Commission expenses	**8,314**	9,458
Entertainment expenses	**5,948**	6,734
Professional fees	**5,572**	6,858
Amortisation of intangible assets (Note 19)	**4,497**	4,465
Office expenses	**3,888**	4,652
Transportation expenses	**3,176**	6,498
Auditor's remuneration	**3,135**	3,072
Share award schemes (Note 29)	**–**	29,052
Others	**13,967**	13,389
	732,649	805,009

Notes to the Consolidated Financial Statements

10 FINANCE COSTS AND INCOME

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings and loans from a related party	**41,881**	23,274
Interest expenses on lease liabilities	**3,142**	2,824
Net exchange losses/(gains) on foreign currency borrowings and loans from a related party	**36,492**	(5,002)
Total finance costs	**81,515**	21,096
Finance income:		
Interest income	**(718)**	(861)
Finance costs — net	**80,797**	20,235

11 INCOME TAX CREDIT

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Current tax on profits for the year	**1,758**	11,566
Deferred income tax	**(3,078)**	(13,331)
Income tax credit	**(1,320)**	(1,765)

Notes to the Consolidated Financial Statements

11 INCOME TAX CREDIT *(Continued)*

The difference between the actual income tax expense charged to the consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rates to profit before taxation can be reconciled as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
(Loss)/profit before taxation	**(37,133)**	45,870
Tax calculated at tax rates applicable to profits of the respective subsidiaries	**(5,823)**	12,270
Expenses not deductible for tax purposes	**561**	3,094
Temporary difference for which no deferred tax asset was recognised	**124**	(5)
Tax losses for which no deferred tax asset was recognised	**8,564**	2,989
Effect from changes in tax rate	**–**	(16,914)
Utilisation of the tax losses unrecognised previously	**(1,163)**	(854)
Super deductions from research and development expenditures	**(3,583)**	(2,345)
Income tax credit	**(1,320)**	(1,765)

The Group's subsidiary in Singapore is subject to Singapore corporate income tax at a rate of 17% on estimated assessable profits.

The Group's subsidiaries in the PRC are subject to the PRC corporate income tax at a rate of 25% on estimated assessable profits.

Pursuant to the relevant laws and regulation in the PRC, in November 2021, the Group's subsidiaries, China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. ("**Huaxing Tat Hong**") and Jiangsu Zhongjian Tat Hong Machinery Construction Co. Ltd. ("**Zhongjian Tat Hong**"), were accredited as high-tech enterprises, and were entitled to the preferential tax rate of 15% for three years effective from 2021. The qualification of high-tech enterprise is subject to renewal for each three years interval.

Starting from 1 October 2022, the pre tax deduction ratio of the group's research and development expenses was increased from 75% to 100%. During the fourth quarter of 2022, high-tech enterprises were allowed to deduct the eligible equipment and appliances newly purchased from 1 October 2022 to 31 December 2022 in full in the calculation of taxable income, and to implement a 100% additional deduction before income tax.

Deferred income tax liability has not been recognised for the withholding tax that would be payable on part of distributable retained profits of the Company's subsidiaries in the PRC. Such distributable retained profits are not expected to be distributed out of the PRC.

Notes to the Consolidated Financial Statements

12 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**84,855**	82,857
Pension costs-defined contribution plans	**8,052**	7,116
Other social security and housing fund	**10,268**	9,199
Other employee benefits (excluding share award scheme)	**5,628**	8,826
	108,803	107,998

13 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Five highest paid individuals

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Share award scheme	**–**	17,483
Wages and salaries	**5,632**	6,125
Discretionary bonuses	**3,358**	4,505
Pension costs-defined contribution plans	**43**	170
Other social security and housing fund	**51**	214
Other employee benefits	**930**	–
	10,014	28,497

The annual emoluments of the five highest paid individuals, including two directors (2022: including two directors), fell within the following bands:

	Year ended 31 March	
	2023	2022
Nil to HKD1,000,000	**0**	0
HKD1,000,000 to HKD1,500,000	**1**	0
HKD1,500,000 to HKD2,000,000	**2**	0
HKD2,000,000 to HKD2,500,000	**0**	0
HKD2,500,000 to HKD3,000,000	**0**	0
HKD3,000,000 to HKD4,000,000	**2**	0
HKD4,000,000 to HKD5,000,000	**0**	1
HKD5,000,000 to HKD6,000,000	**0**	2
HKD9,000,000 to HKD10,000,000	**0**	2
	5	5

Notes to the Consolidated Financial Statements

13 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Directors' and the chief executive officer's emoluments

The remuneration of every director and the chief executive officer is set out below:

For the year ended 31 March 2023:

Name	Fees	Wages and salaries	Discretionary bonuses	Share award scheme	Pension costs – defined contribution plans	Other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:							
Ng San Tiong	–	–	–	–	–	–	–
Executive directors:							
Yau Kok San (also Chief Executive Officer)	–	2,000	–	–	–	790	2,790
Lin Han-wei	–	2,000	1,350	–	–	130	3,480
Non-executive directors:							
Ng San Tiong (also Chairman)	180	–	–	–	–	–	180
Sun Zhaolin	96	–	–	–	–	–	96
Liu Xin	96	–	–	–	–	–	96
Guo Jinjun*	–	–	–	–	–	–	–
Independent non-executive director							
Pan I-shan	120	–	–	–	–	–	120
Wan Kum Tho	120	–	–	–	–	–	120
Huang Chao-Jen	120	–	–	–	–	–	120
Total:	732	4,000	1,350	–	–	920	7,002

* Mr. Guo Jinjun has voluntarily waived director fee of RMB96,000 for the year ended 31 March 2023.

Notes to the Consolidated Financial Statements

13 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Directors' and the chief executive officer's emoluments *(Continued)*

For the year ended 31 March 2022:

Name	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Share award scheme RMB'000	Pension costs — defined contribution plans RMB'000	Other employee benefits RMB'000	Total RMB'000
Chairman:							
Ng San Tiong	–	–	–	–	–	–	–
Executive directors:							
Yau Kok San (also Chief Executive Officer)	–	2,000	1,140	4,696	–	–	7,836
Lin Han-wei	–	2,000	1,140	4,648	–	–	7,788
Non-executive directors:							
Ng San Tiong (also Chairman)	180	–	–	–	–	–	180
Sun Zhaolin	96	–	–	–	–	–	96
Liu Xin*	96	–	–	–	–	–	96
Guo Jinjun**	–	–	–	–	–	–	–
Independent non-executive director							
Pan I-shan	120	–	–	–	–	–	120
Wan Kum Tho	120	–	–	–	–	–	120
Huang Chao-Jen	120	–	–	–	–	–	120
Total:	732	4,000	2,280	9,344	–	–	16,356

* Mr. Liu Xin was appointed as a non-executive director of the Company in April 2021.

** Mr. Guo Jinjun was appointed as a non-executive director of the Company in March 2022.

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the years ended 31 March 2023 and 2022.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits for the years ended 31 March 2023 and 2022.

(iii) Consideration provided to third parties for making available directors' services

During the years ended 31 March 2023 and 2022, the Company did not pay consideration to any third parties for making available directors' services.

13 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Directors' and the chief executive officer's emoluments *(Continued)*

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Except as disclosed in Note 37, there are no loans, quasi-loans and other dealing in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 March 2023 and 2022.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 March 2023 and 2022.

14 DIVIDENDS

Pursuant to the resolution of the shareholders' meeting held on 29 September 2021, dividends of RMB28,937,000 were approved by the shareholders. All dividends have been paid in cash during the year ended 31 March 2022.

Pursuant to the Board of Directors' resolution dated 26 November 2021, dividends of RMB29,087,000 were approved by the Directors. All dividends have been paid in cash on 8 April 2022.

Pursuant to the resolution of the shareholders' meeting held on 28 September 2022, dividends of RMB16,411,000 were approved by the shareholders. All dividends have been paid in cash during the year ended 31 March 2023.

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Dividend payable at the beginning of the year	**29,087**	—
Declaration of dividends	**16,411**	58,024
Dividends paid	**(45,498)**	(28,937)
Dividends payable at the end of the year	**—**	29,087

On 29 June 2023, The directors resolved not to recommend payment of a final dividend in respect of the year ended 31 March 2023.

Notes to the Consolidated Financial Statements

15 (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (losses)/profit attributable to the equity holders of the Company by the weighted average number of shares in issue during the financial year. Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The fully diluted earnings per share for the financial year is the same as the basic (losses)/earnings per share as there is no dilutive potential share during the current and previous year.

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
(Loss)/profit attributable to the ordinary equity holders of the Company	**(35,813)**	47,635
Weighted average number of ordinary shares in issue ('000)	**1,166,871**	1,166,871
Basic and diluted (losses)/earnings per share (RMB)	**(0.03)**	0.04

16 INVESTMENT IN SUBSIDIARIES

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Investment in unlisted shares	**908,560**	908,560

The following is a list of subsidiaries at 31 March 2023:

Company name	Country/Place and date of incorporation	Type of legal entity	Paid-up capital	Attributable equity interest to the Company		Principal activities and place of operation
				Direct	Indirect	
Tat Hong Zhaomao Investment Group Co., Ltd. ("**Tat Hong Zhaomao**")	The PRC 23 April 2010	Limited liability company	USD62,700,000	100.00%	–	Investment holding, in the PRC
Huaxing Tat Hong	The PRC 24 June 2004	Limited liability company	RMB251,000,000	41.33%	58.67%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Shanghai Tat Hong Construction Service Co., Ltd.	The PRC 13 June 2006	Limited liability company	USD26,000,000	56.35%	43.65%	Finance lease of construction machinery and equipment, in the PRC

Notes to the Consolidated Financial Statements

16 INVESTMENT IN SUBSIDIARIES *(Continued)*

Company name	Country/Place and date of incorporation	Type of legal entity	Paid-up capital	Attributable equity interest to the Company		Principal activities and place of operation
				Direct	Indirect	
Zhongjian Tat Hong	The PRC 4 July 2007	Limited liability company	USD13,000,000	42.31%	57.69%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Jiangsu Hengxingmao Financial Leasing Co., Ltd. ("**Hengxingmao**")	The PRC 14 July 2010	Limited liability company	USD27,300,000	63.37%	36.63%	Finance lease of construction machinery and equipment, in the PRC
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd. ("**Changzhou Tat Hong**")	The PRC 13 August 2013	Limited liability company	RMB20,000,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Tat Hong Belt Road Pte. Ltd.	Singapore 21 August 2017	Limited liability company	SGD10	100.00%	–	Installation, maintenance and leasing of construction machinery and equipment, in Singapore
Chongqing Tat Hong Machinery Construction Co., Ltd.	The PRC 15 November 2017	Limited liability company	RMB–	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. ("**Ronghe Tat Hong**")	The PRC 9 January 2019	Limited liability company	USD5,000,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Guangdong Tat Hong Machinery Construction Co., Ltd.	The PRC 20 February 2023	Limited liability company	RMB–	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC

Notes to the Consolidated Financial Statements

17 PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Machinery RMB'000	Transportation RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
As at 31 March 2021 and 1 April 2021							
Cost	12,240	1,850,057	10,273	8,439	12,953	6,792	1,900,754
Accumulated depreciation	(654)	(744,579)	(5,122)	(5,046)	(8,803)	—	(764,204)
Net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550
Year ended 31 March 2022							
Opening net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550
Additions	107	688,428	2,880	2,316	2,285	15,082	711,098
Disposals	—	(52,427)	(77)	(58)	—	—	(52,562)
Depreciation	(628)	(230,331)	(1,542)	(918)	(1,205)	—	(234,624)
Transfer	3,232	9,630	—	15	—	(12,877)	—
Net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462
As at 31 March 2022							
Cost	15,580	2,324,080	12,369	10,426	15,239	8,997	2,386,691
Accumulated depreciation	(1,283)	(803,302)	(5,957)	(5,678)	(10,009)	—	(826,229)
Net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462

Notes to the Consolidated Financial Statements

17 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Building RMB'000	Machinery RMB'000	Transportation RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
Year ended 31 March 2023							
Opening net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462
Additions	19,533	347,399	844	1,864	1,478	14,884	386,002
Disposals	–	(54,890)	(45)	(13)	–	–	(54,948)
Depreciation	(949)	(234,832)	(1,719)	(1,433)	(1,513)	–	(240,446)
Transfer	–	3,107	–	–	–	(3,107)	–
Net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070
As at 31 March 2023							
Cost	35,112	2,459,608	12,795	12,182	16,716	20,774	2,557,187
Accumulated depreciation	(2,231)	(878,046)	(7,303)	(7,016)	(11,521)	–	(906,117)
Net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended 31 March 2023 RMB'000	2022 RMB'000
Cost of sales	**230,192**	228,305
General and administrative expenses	**8,906**	4,907
Research and development expenses	**1,346**	1,407
Selling and distribution expenses	**2**	5
	240,446	234,624

As at 31 March 2023, the Group pledged machineries with carrying amount of approximately RMB962,253,000 (2022: RMB689,201,000) for the bank borrowings and lease liabilities of the Group (Note 31).

Notes to the Consolidated Financial Statements

18 LEASES

(i) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Land-use rights	**12,354**	12,779
Machinery	**50,970**	31,503
Office	**11,474**	15,782
Warehouse	**24,303**	20,826
Others	**2,108**	295
	101,209	81,185
Lease liabilities		
Current	**38,092**	24,353
Non-current	**47,566**	34,375
	85,658	58,728

Additions to the right-of-use assets during the year ended 31 March 2023 were RMB65,392,000 (2022: RMB36,057,000).

As at 31 March 2023, no lease liabilities were secured by the pledge of machinery. As at 31 March 2022, the lease liabilities of RMB47,100 were secured by the pledge of machinery with carrying value of RMB15,534,000.

As at 31 March 2023, the land-use rights with carrying value of approximately RMB12,353,000 (2022: RMB12,779,000) were secured for the bank borrowings of the Group (Note 31).

Notes to the Consolidated Financial Statements

18 LEASES *(Continued)*

(ii) Amounts recognised in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	**425**	407
Machinery	**29,358**	18,332
Office	**6,740**	6,889
Warehouse	**4,701**	3,314
Others	**1,601**	263
	42,825	29,205
Interest expense (included in finance costs)	**3,142**	2,824

The total cash outflow for leases of the year ended 31 March 2023 were RMB60,642,000 (2022: RMB52,955,000).

19 INTANGIBLE ASSETS

	Software	**Patent**	**Total**
	RMB'000	RMB'000	RMB'000
As at 31 March 2021 and 1 April 2021			
Cost	9,798	36,654	46,452
Accumulated amortisation	(4,624)	(11,794)	(16,418)
Net book amount	5,174	24,860	30,034
Year ended 31 March 2022			
Opening net book amount	5,174	24,860	30,034
Amortisation charge (Note 9)	(793)	(3,672)	(4,465)
Net book amount	4,381	21,188	25,569

Notes to the Consolidated Financial Statements

19 INTANGIBLE ASSETS *(Continued)*

	Software RMB'000	Patent RMB'000	Total RMB'000
As at 31 March 2022			
Cost	9,798	36,654	46,452
Accumulated amortisation	(5,417)	(15,466)	(20,883)
Net book amount	4,381	21,188	25,569
Year ended 31 March 2023			
Opening net book amount	4,381	21,188	25,569
Additions	104	—	104
Amortisation charge (Note 9)	(803)	(3,694)	(4,497)
Net book amount	3,682	17,494	21,176
As at 31 March 2023			
Cost	9,902	36,654	46,556
Accumulated amortisation	(6,220)	(19,160)	(25,380)
Net book amount	3,682	17,494	21,176

Amortisation of the intangible assets has been recognised as follows:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**4,238**	4,240
General and administrative expenses	**259**	225
	4,497	4,465

20 OTHER NON-CURRENT ASSETS

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Prepayments for non-current assets (Note 24)	**27,726**	2,908
Deposits	**27,621**	28,620
Others	**5,247**	—
	60,594	31,528

Notes to the Consolidated Financial Statements

21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	**21,925**	25,363
Financial assets at amortised cost:		
Other non-current assets	**5,247**	—
Trade receivables	**631,071**	582,184
Other receivables	**59,508**	26,453
Restricted cash (Note 26)	**3,423**	—
Cash and cash equivalents (Note 26)	**155,551**	169,858
	854,800	778,495
	876,725	803,858

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**387,268**	431,444
Other payables and accruals (excluding other tax payables, payroll and welfare payables)	**16,334**	17,365
Borrowings	**981,260**	641,966
Lease liabilities	**85,658**	58,728
	1,470,520	1,149,503

22 INVENTORIES

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Accessories	**39,584**	33,813

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB15,894,000 for the year ended 31 March 2023 (2022: RMB19,583,000).

Notes to the Consolidated Financial Statements

23 TRADE RECEIVABLES

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Accounts receivable	**647,347**	594,066
Less: provision for impairment	**(16,276)**	(11,882)
	631,071	582,184

The majority of the Group's receivables are with credit terms from 30 days to 90 days. At 31 March 2023 and 2022, the aging analysis of the trade receivables, based on invoice date were as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Within credit term	**186,923**	138,083
Less than 180 days past due	**220,259**	224,863
181 days to 365 days past due	**98,976**	89,272
1 to 2 years past due	**79,226**	98,000
More than 2 years past due	**61,963**	43,848
	647,347	594,066

For the trade receivables, the Group has assessed the expected credit losses by considering historical default rates, existing market conditions and forward-looking information. Based on the assessment, the creation and reversal for impaired receivables have been included in the net impairment losses on financial assets. Amounts charged to allowance account are written off when there is no expectation of receiving the receivables.

As at 31 March 2023, the Group pledged accounts receivable with carrying amount of approximately RMB179,542,000 (2022: RMB20,337,000) for the bank borrowings of the Group (Note 31).

The Group's trade receivables were denominated in RMB.

Notes to the Consolidated Financial Statements

24 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Recoverable value–added tax ("**VAT**")	**66,733**	56,678
Prepayments to vendors	**36,913**	6,830
Receivables for disposal of property, plant and equipment	**32,478**	954
Staff and vendors advances	**19,684**	14,782
Prepaid expenses	**8,297**	7,124
Insurance claim receivables	**3,767**	5,087
Prepayments to related parties (Note 37)	**2,812**	2,014
Receivables for labour costs	**2,791**	3,298
Amounts due from related parties (Note 37)	**788**	2,332
Others	**121**	41
	174,384	99,140
Less: prepayments for non-current assets (Note 20)	**(27,726)**	(2,908)
	146,658	96,232

The carrying amounts of other receivables approximate their fair values.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets at fair value through other comprehensive income comprise:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Commercial acceptance notes	**20,113**	21,913
Bank acceptance notes	**1,812**	3,450
	21,925	25,363

As at 31 March 2023, the commercial acceptance bill with carrying value of RMB588,400 have been pledged for the bank borrowings of the Group (Note 31).

Notes to the Consolidated Financial Statements

26 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Cash and bank balances	**158,974**	169,858
Less: Restricted cash (i)	**(3,423)**	—
	155,551	169,858

Cash and bank balances are denominated in the following currencies:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
RMB	**157,162**	158,857
HKD	**1,633**	10,533
USD	**122**	110
SGD	**57**	358
	158,974	169,858

(i) The restricted cash represents the following balances:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Deposits for borrowing (Note 31)	**3,200**	—
Restricted cash for litigation	**223**	—
	3,423	—

Notes to the Consolidated Financial Statements

27 SHARE CAPITAL

	Number of Shares Authorised '000	Number of Shares Issued '000	Share Capital USD'000	Share Capital RMB'000
As at 31 March 2022 and 2023 (ordinary shares of USD0.08 each)	1,875,000	1,166,871	93,350	593,026

28 RESERVES

Reserves of the Group during the years ended 31 March 2023 and 2022 comprised of share premium, capital reserve, statutory reserve and other reserve.

Share premium of the Company represents the capital contribution premium from shareholders. Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as share premium.

Capital reserve comprised of merger reserve arising from the combination of Tat Hong Equipment (China) Pte. Ltd. ("**THEC**")'s subsidiaries in 2015.

As stipulated by the relevant PRC laws and regulations applicable to the Company's subsidiaries established and operated in the PRC, the subsidiaries are required to make appropriation from profit after tax (after offsetting prior years' losses) to statutory reserve. The PRC entities are required to transfer at least 10% of its net profit as determined under the PRC accounting rules and regulations, to their statutory reserve. The appropriations to the statutory reserve are required until the balance reaches 50% of the subsidiaries' registered capital. The statutory reserve can be utilised to offset prior year losses. The Company's PRC subsidiaries are restricted in their ability to transfer a portion of their reserve either in the form of dividends, loans or advances.

Other reserves consist of translation reserves and shares granted and vested under Share Award Schemes (Note 29).

Notes to the Consolidated Financial Statements

29 SHARE-BASED PAYMENTS

Share Award Scheme

Pursuant to the directors' resolution dated on 25 March 2022 of TH Straits 2015 Pte. Ltd. ("**TH15**"), one of the shareholders of the Company, an aggregate of 30,664,491 shares of the Company's existing ordinary shares held by TH15 have been awarded to senior managements of the Group for no cash consideration.

The shares are recognised at the closing share price on the grant date as part of employee benefit costs during the year the shares are granted.

No expenses arose from share-based payment transactions as part of employee benefit expense was recognised during the year ended 31 March 2023 (2022: RMB29,052,000).

30 DEFERRED INCOME TAX

The analysis of net deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Deferred income tax assets:		
to be recovered within 12 months	**24,866**	11,987
to be recovered after more than 12 months	**9,060**	13,461
Total deferred tax assets	**33,926**	25,448
Set-off with deferred tax liabilities	**(33,926)**	(25,448)
Net deferred income tax assets	**–**	–

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Deferred income tax liabilities:		
to be recovered within 12 months	**23,923**	21,327
to be recovered after more than 12 months	**77,631**	74,827
Total deferred tax liabilities	**101,554**	96,154
Set-off with deferred tax assets	**(33,926)**	(25,448)
Net deferred income tax liabilities	**67,628**	70,706

Notes to the Consolidated Financial Statements

30 DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accrued expenses and provisions RMB'000	Provisions for impairment losses of financial and contract assets RMB'000	Lease liabilities RMB'000	Intangible assets RMB'000	Borrowings and loans from a related party RMB'000	Tax losses RMB'000	Total RMB'000
Deferred income tax assets:							
At 31 March 2021	12,664	1,462	13,068	2,482	350	–	30,026
Recognised in the profit or loss	(1,156)	435	(3,613)	106	(350)	–	(4,578)
At 31 March 2022	11,508	1,897	9,455	2,588	–	–	25,448
Recognised in the profit or loss	917	792	5,089	(334)	198	1,816	8,478
At 31 March 2023	12,425	2,689	14,544	2,254	198	1,816	33,926

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Contract assets RMB'000	Provision for withholding tax RMB'000	Total RMB'000
Deferred income tax liabilities:					
At 31 March 2021	(90,669)	(14,211)	(4,556)	(4,627)	(114,063)
Recognised in the profit or loss	8,992	6,595	2,322	—	17,909
At 31 March 2022	(81,677)	(7,616)	(2,234)	(4,627)	(96,154)
Recognised in the profit or loss	2,823	(4,884)	(3,339)	—	(5,400)
At 31 March 2023	(78,854)	(12,500)	(5,573)	(4,627)	(101,554)

Notes to the Consolidated Financial Statements

30 DEFERRED INCOME TAX *(Continued)*

The expiration of tax losses carried forward for which deferred income tax assets is not recognised is as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Tax losses expiring within 1 year	**3,672**	770
Tax losses expiring between 1–2 years	**6,579**	3,672
Tax losses expiring between 2–3 years	**13,860**	11,104
Tax losses expiring between 3–4 years	**12,467**	14,317
Tax losses expiring between 4–5 years	**34,503**	12,467
	71,081	42,330

Unrecognised temporary differences are as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Temporary difference for which no deferred tax asset was recognised:		
— Capitalised cost	**1,716**	1,259
Unrecognised deferred tax asset relating to the above temporary difference	**429**	315
Temporary difference for which no deferred tax liability was recognised:		
— Withholding tax for distributable retained profits of the Company's subsidiaries in the PRC	**221,057**	227,264
Unrecognised deferred tax liability relating to the above temporary difference	**22,106**	22,726

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax.

Deferred income tax liability has not been recognised for the withholding tax that would be payable on part of distributable retained profits of the Company's subsidiaries in the PRC. Such distributable retained profits are not expected to be distributed out of the PRC.

Notes to the Consolidated Financial Statements

31 BORROWINGS

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Non-current		
Bank borrowings — Secured	**617,415**	474,873
Current		
Bank borrowings — Secured	**327,683**	136,864
Bank borrowings — Unsecured	**36,162**	30,229
	363,845	167,093
Total borrowings	**981,260**	641,966

As at 31 March 2023 and 2022, the Group's borrowings were repayable as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**363,845**	167,093
Between 1 and 2 years	**134,372**	93,184
Between 2 and 5 years	**483,043**	381,689
	981,260	641,966

Analysis of the carrying amounts of the Group's borrowings by currency was as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
RMB	**926,784**	330,720
HKD	**30,569**	28,340
SGD	**18,764**	28,196
USD	**5,143**	254,710
	981,260	641,966

Notes to the Consolidated Financial Statements

31 BORROWINGS *(Continued)*

The weighted average effective interest rates per annum for the years ended 31 March 2023 and 2022 were as follows:

	Year ended 31 March	
	2023	2022
SGD	**4.8%**	4.8%
RMB	**4.6%**	5.1%
USD	**4.0%**	2.9%
HKD	**1.7%**	1.7%

The fair values of the borrowings of the Group approximate to their carrying amounts, since either the interest rates of those borrowings are close to current market rates or the borrowings are of a short-term nature.

Secured borrowings are pledged or guaranteed by the followings (Note 16, Note 17 and Note 23, Note 25 and Note 26):

(i) As at 31 March 2023, the syndicated bank borrowings of RMB221,151,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and the Company, and secured by the pledge of machinery with carrying value of RMB241,007,000.

The borrowings of RMB35,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB10,000,000 were guaranteed by Tat Hong Zhaomao and one of the senior management. Tat Hong Zhaomao had entered into agreements with the senior management, pursuant to which Tat Hong Zhaomao agreed to compensate them for any loss incurred by them in relation to the guarantee provided.

The borrowings of RMB2,650,000 were guaranteed by the Company, and secured by the commercial acceptance bill with carrying value of RMB588,400 and deposits of RMB3,200,000.

The borrowings of RMB136,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB179,542,000.

The borrowings of RMB5,000,000 were guaranteed by an external third party, Jiangsu Huajian Financing Guarantee Co., LTD. Ronghe Tat Hong pledged tower cranes and spare parts with carrying value of RMB10,653,000 to the external third party for full counter-guarantee.

The borrowings of RMB32,500,000 were guaranteed by Tat Hong Zhaomao, a wholly owned subsidiary, and secured by the land-use rights with carrying value of RMB12,353,000 and the buildings with carrying value of RMB5,038,000.

The borrowings of RMB10,863,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB23,277,000.

The borrowings of RMB34,663,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB57,328,000.

Notes to the Consolidated Financial Statements

31 BORROWINGS *(Continued)*

(i) *(Continued)*

The borrowings of RMB18,764,000 were guaranteed by the Company and standby letter of credit from Standard Chartered Bank (Singapore) Limited, and secured by the pledge of machinery with carrying value of RMB53,885,000.

The borrowings of RMB88,952,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB129,144,000.

The borrowings of RMB156,402,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB227,607,000.

The borrowings of RMB69,900,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB107,945,000.

The borrowings of RMB62,498,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and Hengxingmao, and secured by the pledge of machinery with carrying value of RMB71,260,000.

The borrowings of RMB3,000,000 were fully guaranteed by Shanghai Administration center of Policy Financing Guarantee Funds for SMEs (government agency) and Huaxing Tat Hong.

The borrowings of RMB28,466,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB6,486,000 were guaranteed by Tat Hong Zhaomao, and secured by the pledge of machinery with carrying value of RMB6,267,000.

The borrowings of RMB22,803,000 were guaranteed by certain subsidiaries, including Zhongjian Tat Hong, Changzhou Tat Hong and Tat Hong Zhaomao, and secured by the pledge of machinery with carrying value of RMB33,880,000.

Notes to the Consolidated Financial Statements

31 BORROWINGS *(Continued)*

(ii) As at 31 March 2022, the syndicated bank borrowings of RMB221,229,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Hengxingmao and the Company, and secured by the pledge of machinery with carrying value of RMB252,417,000.

The borrowings of RMB28,196,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB56,992,000.

The borrowings of RMB61,736,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, and Hengxingmao, and secured by the pledge of machinery with carrying value of RMB59,169,000.

The borrowings of RMB88,540,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB110,146,000.

The borrowings of RMB158,356,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB194,943,000.

The borrowings of RMB1,480,000 were guaranteed by the Company, and secured by the commercial acceptance bill with carrying value of RMB2,116,000.

The borrowings of RMB3,000,000 were fully guaranteed by Shanghai Administration center of Policy Financing Guarantee Funds for SMEs (government agency) and Huaxing Tat Hong.

The borrowings of RMB5,000,000 were guaranteed by Tat Hong Zhaomao, a wholly owned subsidiary, and secured by the land-use rights with carrying value of RMB12,779,000 and the buildings with carrying value of RMB14,297,000.

The borrowings of RMB20,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB20,337,000.

The borrowings of RMB15,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB9,200,000 were guaranteed by Tat Hong Zhaomao and one of the senior management. Tat Hong Zhaomao had entered into agreements with the senior management, pursuant to which Tat Hong Zhaomao agreed to compensate them for any loss incurred by them in relation to the guarantee provided.

Notes to the Consolidated Financial Statements

32 TRADE AND BILLS PAYABLES

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Accounts payable	**344,296**	393,409
Bills payable	**42,972**	38,035
	387,268	431,444

As at 31 March 2023 and 2022, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date were as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Within 3 months	**102,443**	115,836
Between 3 months and 1 year	**203,526**	267,747
Between 1 year and 2 years	**35,777**	5,334
Between 2 years and 3 years	**1,296**	2,429
Between 3 years and 5 years	**768**	1,717
Over 5 years	**486**	346
	344,296	393,409

The carrying amounts of trade and bills payables approximate their fair values.

As at 31 March 2023 and 2022, the aging of bills payable was within one year.

33 OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Current		
Payroll and welfare payables	**11,709**	15,494
Other taxes payable	**9,191**	6,369
Accrued expenses	**5,837**	13,552
Interest payables	**3,873**	2,491
Dividend payable (Note 14)	**—**	29,087
Others	**6,624**	1,322
	37,234	68,315

(a) The carrying amounts of other payables and accruals approximate their fair values.

Notes to the Consolidated Financial Statements

34 PROVISIONS

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Non-current		
Decommissioning liabilities	**33,906**	28,144
Current		
Decommissioning liabilities	**41,576**	34,438

The movement of the provisions is as follows:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**62,582**	52,716
Provisions for decommissioning liabilities	**102,643**	113,490
Incurred and charged against the provision	**(89,743)**	(103,624)
At the end of the year	**75,482**	62,582

Notes to the Consolidated Financial Statements

35 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
(Losses)/profits before income tax	**(37,133)**	45,870
Adjustment for:		
Depreciation of property, plant, and equipment and right-of-use assets and amortisation of intangible asset	**287,768**	268,294
(Gains)/losses on disposal of property, plant and equipment and right-of-use assets	**(3,519)**	4,772
Fair value gains on financial assets at fair value through profit or loss	**—**	(1,237)
Finance costs — net	**80,797**	20,235
Provision for impairment losses of financial assets and contract assets	**4,413**	6,592
Net exchange differences	**665**	456
Operating profit before changes in working capital	**332,991**	344,982
Changes in working capital:		
Increase in restricted cash	**(3,423)**	—
Increase in inventories	**(5,771)**	(12,791)
Increase in contract assets	**(8,541)**	(45,651)
Increase in trade receivables	**(98,869)**	(133,455)
Decrease/(increase) in financial assets at fair value through other comprehensive income	**3,438**	(11,305)
Increase in other operating assets	**(13,552)**	(1,017)
Increase in trade and bills payables	**25,515**	55,427
Decrease in contract liabilities	**(11,324)**	(3,620)
Increase in other operating liabilities	**50,527**	71,729
Cash generated from operations	**270,991**	264,299

In the consolidated statements of cash flows, proceeds from disposals of property, plant and equipment and right-of-use assets comprise:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Net book amount	**57,491**	53,065
Gains/(losses) on disposal of property, plant and equipment and right-of-use assets	**3,519**	(4,772)
(Receivables)/advances for disposal of property, plant and equipment	**(40,205)**	14,874
Proceeds from disposals of property, plant and equipment and right-of-use assets	**20,805**	63,167

Notes to the Consolidated Financial Statements

35 CASH FLOW INFORMATION *(Continued)*

(b) Significant non-cash investing activities

	As at 31 March 2023 RMB'000	2022 RMB'000
Acquisitions of prepayments for non-current assets with settlement of trade receivables	**26,063**	–
Acquisitions of property, plant and equipment with settlement of trade receivables	**19,712**	–
Total	**45,775**	–

(c) Net debt reconciliation

	As at 31 March 2023 RMB'000	2022 RMB'000
Cash and bank balances	**158,974**	169,858
Borrowings and interest payables	**(985,133)**	(644,457)
Lease liabilities	**(85,658)**	(58,728)
Net debt	**(911,817)**	(533,327)

	Cash and bank balances RMB'000	Borrowings and interest payables RMB'000	Lease liabilities RMB'000	Loans from a related party RMB'000	Total RMB'000
Net debt as at 31 March 2021	149,515	(485,309)	(67,190)	–	(402,984)
Cash flows	20,799	(140,876)	24,418	–	(95,659)
Acquisitions	–	–	(13,132)	–	(13,132)
Interest accrued	–	(23,274)	(2,824)	–	(26,098)
Foreign exchange adjustments	(456)	5,002	–	–	4,546
Net debt as at 31 March 2022	169,858	(644,457)	(58,728)	–	(533,327)
Cash flows	(10,219)	(262,307)	38,300	4	(234,222)
Acquisitions	–	–	(62,088)	–	(62,088)
Interest accrued	–	(41,509)	(3,142)	(372)	(45,023)
Foreign exchange adjustments	(665)	(36,860)	–	368	(37,157)
Net debt as at 31 March 2023	158,974	(985,133)	(85,658)	–	(911,817)

Notes to the Consolidated Financial Statements

36 COMMITMENTS

(i) Capital commitments

As at 31 March 2023 and 2022, the Group had the following capital commitments:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Contracted but not provided for		
— Property, plant and equipment	**19,053**	14,322

(ii) Lease commitments

As at 31 March 2023 and 2022, the Group had the following lease commitments:

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
No later than 1 year	**9,192**	9,384

37 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the financial year:

Name of related parties	Relationship with the Company
Chwee Cheng & Sons Pte Ltd	Ultimate parent company
THEC	Parent company
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. ("**Beijing Tat Hong**")	Under common control by Tat Hong Holdings Limited ("**THH**")
Yongmao Holdings Limited ("**Yongmao**")	Controlled by Yongmao
Fushun Yongmao Construction Machinery Co., Ltd. ("**Fushun Yongmao**")	Controlled by Yongmao
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.	Controlled by Yongmao

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties

Except for those disclosed elsewhere in notes to the consolidated financial statements, other significant related party transactions of the Group are listed as follows:

(i) Machineries and consumables purchased from related parties

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Controlled by Yongmao	**45,467**	100,758

(ii) Sale of property, plant and equipment to a related party

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Controlled by Yongmao	**60**	—

(iii) Rental expenses for short-term leases

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Controlled by Yongmao	**5,334**	944
Under common control by THH	**31**	62
	5,365	1,006

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

(iv) Addition of right-of-use assets

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Controlled by Yongmao	**4,306**	—

(v) Loans from a related party

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Parent company	**24,662**	—

(vi) Repayment of loans from a related party

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Parent company	**24,666**	—

(vii) Interest expenses

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Loans from a related party		
— Parent company	**372**	—

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Terms and conditions

Transactions conducted with related parties were based on terms mutually agreed with related parties.

The weighted average interest rate per annum on the loans from a related party was 4.09% during the year ended 31 March 2023.

(d) Balances with related parties

(i) Receivables from related parties

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Trade		
Accounts receivable		
— Controlled by Yongmao	**319**	185
Other receivables		
— Controlled by Yongmao (Note 24)	**788**	2,332

(ii) Prepayments to related parties

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Trade		
Controlled by Yongmao (Note 24)	**2,812**	2,014

(iii) Right-of-use assets

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Controlled by Yongmao	**2,414**	—

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties *(Continued)*

(iv) Payables to related parties

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Trade		
Accounts payable		
— Controlled by Yongmao	**15,445**	19,298
— Under common control by THH	**133**	98
	15,578	19,396

(v) Lease liabilities

	As at 31 March	
	2023	2022
	RMB'000	RMB'000
Lease liabilities		
Controlled by Yongmao	**2,955**	—

(e) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 March	
	2023	2022
	RMB'000	RMB'000
Salaries, bonus and other welfare	**11,618**	35,383

No emoluments have been paid to directors and senior management as an inducement to join or upon joining the Group for the years ended 31 March 2023 and 2022.

Notes to the Consolidated Financial Statements

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 March 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Prepayments and other receivables		**74,060**	281,249
Investment in subsidiaries	16	**908,560**	908,560
		982,620	1,189,809
Current asset			
Prepayments and other receivables		**284,825**	111,177
Cash and cash equivalents		**97,256**	124,535
		382,081	235,712
Total assets		**1,364,701**	1,425,521
LIABILITIES			
Non-current liabilities			
Borrowings		**228,222**	228,153
		228,222	228,153
Current liabilities			
Other payables and accruals		**2,404**	31,673
Borrowings		**65,820**	54,897
		68,224	86,570
Total liabilities		**296,446**	314,723
EQUITY			
Share capital		**593,026**	593,026
Share premium and other reserves (Note (a))		**585,930**	602,341
Accumulated losses (Note (a))		**(110,701)**	(84,569)
Total equity		**1,068,255**	1,110,798
Total equity and liabilities		**1,364,701**	1,425,521

The balance sheet of the Company were approved by the Board of Directors on 29 June 2023 and were signed on its behalf.

Yau Kok San
Director

Lin Han-wei
Director

Notes to the Consolidated Financial Statements

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note (a) Reserve movement of the Company

	Share premium and other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2021	631,313	(60,008)	571,305
Loss for the year	—	(24,561)	(24,561)
Dividends (Note 14)	(58,024)	—	(58,024)
Share award scheme — value of employee services (Note 29)	29,052	—	29,052
At 31 March 2022	602,341	(84,569)	517,772
At 1 April 2022	602,341	(84,569)	517,772
Loss for the year	—	(26,132)	(26,132)
Dividends (Note 14)	(16,411)	—	(16,411)
At 31 March 2023	585,930	(110,701)	475,229

39 SUBSEQUENT EVENT

Tat Hong Equipment (HK) Limited has been established by the Group on 18 May 2023. The total amount of share capital to be subscribed is HKD800,000.00, which is yet to be paid up as of 29 June 2023.

Five Years Financial Summary

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and the Prospectus, is set out below:

RESULTS

	As at 31 March				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**770,752**	867,020	792,959	744,921	656,003
Gross profit	**173,231**	234,139	273,283	253,238	181,900
(Losses)/Profit before income tax	**(37,133)**	45,870	135,909	111,208	86,992
Income tax (expenses)/credit	**1,320**	1,765	(34,674)	(34,749)	(18,656)
(Losses)/Profit for the year	**(35,813)**	47,635	101,235	76,459	68,336

ASSETS AND LIABILITIES

	As at 31 March				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**1,900,598**	1,726,040	1,340,719	1,311,292	1,346,414
Current assets	**1,252,447**	1,192,594	1,141,021	731,210	602,507
Total assets	**3,153,045**	2,918,634	2,481,740	2,042,502	1,948,921
Equity and liabilities					
Total equity	**1,517,619**	1,569,833	1.550,929	1,049,627	981,002
Non-current liabilities	**766,515**	608,098	498,680	646,239	598,400
Current liabilities	**868,911**	740,703	432,131	346,636	369,519
Total liabilities	**1,635,426**	1,348,801	930,811	992,875	967,919
Total equity and liabilities	**3,153,045**	2,918,634	2,481,740	2,042,502	1,948,921