

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



2023/2024

INTERIM REPORT



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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

RSM Hong Kong

Certified Public Accountants and Public Interest Entity

Auditor registered in accordance with the Financial Reporting Council Ordinance

29th Floor, Lee Gardens Two

28 Yun Ping Road

Causeway Bay, Hong Kong

(Appointed on 28 September 2023)

PricewaterhouseCoopers

Certified Public Accountants and

Registered Public Interest Entity Auditor

(Retired on 28 September 2023)

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

No. 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

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

Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the six months ended 30 September 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	7	358,629	387,401
Cost of sales		(294,841)	(311,879)
Gross profit		63,788	75,522
Selling and distribution expenses		(6,566)	(7,635)
General and administrative expenses		(39,579)	(41,343)
Research and development expenses		(11,712)	(12,217)
Provision for financial assets and contract assets	5	(2,769)	(5,166)
Other income		1,487	3,497
Other losses — net		(143)	(265)
Operating profit		4,506	12,393
Finance costs	8	(30,971)	(56,083)
Finance income	8	531	263
Loss before income tax		(25,934)	(43,427)
Income tax credit	9	5,498	1,547
Loss for the period		(20,436)	(41,880)
Loss for the period attributable to:			
Owners of the Company		(20,436)	(41,880)
Other comprehensive (loss)/income, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		(564)	2
Other comprehensive (loss)/income for the period, net of tax		(564)	2
Total comprehensive loss for the period, net of tax		(21,000)	(41,878)
Basic and diluted loss per share (RMB)	11	(0.02)	(0.04)

The notes on page 9 to 33 are an integral part of these unaudited consolidated financial statements.

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

YAU Kok San
Director

Lin Han-wei
Director

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,618,629	1,651,070
Right-of-use assets	13	89,416	101,209
Intangible assets	14	18,925	21,176
Contract assets	6	34,315	66,549
Other non-current assets		60,614	60,594
		<hr/> 1,821,899	<hr/> 1,900,598
Total non-current assets			
Current assets			
Inventories		41,916	39,584
Contract assets	6	260,200	254,235
Trade receivables	15	773,966	631,071
Prepayments and other receivables		134,955	146,658
Financial assets at fair value through other comprehensive income		23,866	21,925
Restricted cash		—	3,423
Cash and cash equivalents		148,049	155,551
		<hr/> 1,382,952	<hr/> 1,252,447
Total current assets			
		<hr/> 3,204,851	<hr/> 3,153,045
Total assets			

The notes on page 9 to 33 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	18	667,835	617,415
Lease liabilities	13	41,023	47,566
Deferred income tax liabilities		63,212	67,628
Provisions		26,092	33,906
		<hr/>	
Total non-current liabilities		798,162	766,515
		<hr/>	
Current liabilities			
Trade and bills payables	19	355,848	387,268
Contract liabilities	6	6,027	896
Other payables and accruals		54,682	37,234
Borrowings	18	433,625	363,845
Lease liabilities	13	27,801	38,092
Provisions		32,087	41,576
		<hr/>	
Total current liabilities		910,070	868,911
		<hr/>	
Total liabilities		1,708,232	1,635,426
		<hr/>	
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	16	593,026	593,026
Reserves	17	512,410	512,974
Retained earnings		391,183	411,619
		<hr/>	
Total equity		1,496,619	1,517,619
		<hr/>	
Total equity and liabilities		3,204,851	3,153,045
		<hr/>	

The notes on page 9 to 33 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to owners of the Company						Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
At 1 April 2022 (audited)	593,026	198,353	243,605	49,814	29,073	455,962	1,569,833
Loss for the period	—	—	—	—	—	(41,880)	(41,880)
Other comprehensive income:							
— Currency translation difference	—	—	—	—	2	—	2
Total comprehensive loss	—	—	—	—	2	(41,880)	(41,878)
Dividends (Note 10)	—	(16,912)	—	—	—	—	(16,912)
At 30 September 2022 (unaudited)	593,026	181,441	243,605	49,814	29,075	414,082	1,511,043
At 1 April 2023 (audited)	593,026	181,942	243,605	58,344	29,083	411,619	1,517,619
Loss for the period	—	—	—	—	—	(20,436)	(20,436)
Other comprehensive income:							
— Currency translation difference	—	—	—	—	(564)	—	(564)
Total comprehensive loss	—	—	—	—	(564)	(20,436)	(21,000)
Dividends (Note 10)	—	—	—	—	—	—	—
At 30 September 2023 (unaudited)	593,026	181,942	243,605	58,344	28,519	391,183	1,496,619

The notes on page 9 to 33 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
Note	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	112,808	85,718
Interest received	531	263
Interest paid	(28,238)	(17,516)
Income taxes received	1,082	1,106
	86,183	69,571
Cash flows from investing activities		
Payments for property, plant and equipment	(208,043)	(206,931)
Proceeds from disposals of property, plant and equipment and right-of-use assets	23,274	9,667
	(184,769)	(197,264)
Cash flows from financing activities		
Proceeds from borrowings	327,146	275,702
Repayment of borrowings	(209,442)	(119,805)
Payments for lease liabilities	(26,107)	(17,563)
Dividend paid to the Company's shareholders	—	(29,087)
10	91,597	109,247
	(6,989)	(18,446)
	155,551	169,858
	(513)	275
	148,049	151,687

The notes on page 9 to 33 are an integral part of these unaudited consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

1. GENERAL INFORMATION OF THE GROUP

Tat Hong Equipment Service Co., Ltd. (the “**Company**”) was incorporated in the Cayman Islands in 26 August 2014 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, 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 (including Operating Lease & Hoisting Service) 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 unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors on 29 November 2023.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2023, as described in those annual financial statements.

(a) New and amended standard adopted by the Group

In the current period, the Group has adopted all new and amended HKFRS issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. They do not have a material effect on these unaudited condensed consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES *(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 accounting periods beginning on or after
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 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 these unaudited condensed consolidated financial statements.

4. ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

5. FINANCIAL RISK MANAGEMENT

5.1 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 unaudited condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2023.

There have been no changes in the risk management department since year end or in any risk management policies.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, financial assets at fair value through other comprehensive income, contract assets and trade and other receivables. The carrying amounts of trade and other receivables, 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 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 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
- 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 Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

Credit risk (Continued)

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

	Unaudited					Total RMB'000
	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	
30 September 2023						
Trade receivables						
Gross carrying amount	235,731	240,953	125,168	92,501	99,580	793,933
Expected loss rate	0.34%–0.82%	0.75%–10.24%	1.43%–9.46%	1.71%–23.39%	2.22%–100%	N/A
Loss allowance	(928)	(3,400)	(2,402)	(2,863)	(10,373)	(19,967)
Contract assets – current and non-current						
Gross carrying amount	295,146	–	–	–	–	295,146
Expected loss rate	0.34%–0.82%	–	–	–	–	0.34%–0.82%
Loss allowance	(630)	–	–	–	–	(630)
31 March 2023						
Trade receivables						
Gross carrying amount	186,923	220,259	98,976	79,226	61,963	647,347
Expected loss rate	0.42%–1.19%	0.94%–14.79%	1.78%–13.67%	2.13%–33.78%	2.16%–53.65%	N/A
Loss allowance	(868)	(4,209)	(2,144)	(3,738)	(5,317)	(16,276)
Contract assets – current and non-current						
Gross carrying amount	322,268	–	–	–	–	322,268
Expected loss rate	0.42%–1.19%	–	–	–	–	0.42%–1.19%
Loss allowance	(1,484)	–	–	–	–	(1,484)

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 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:

	Six months ended 30 September	
	2023	2022
	RMB'000	RMB'000
Contract assets		
At the beginning of the period (audited)	1,484	1,287
Provision for/(reversal of) previous impairment losses	(854)	569
	<hr/>	<hr/>
At the end of the period (unaudited)	630	1,856
	<hr/>	<hr/>
Trade receivables		
At the beginning of the period (audited)	16,276	11,882
Provision for previous impairment losses	3,623	4,597
Currency translation differences	68	106
	<hr/>	<hr/>
At the end of the period (unaudited)	19,967	16,585
	<hr/>	<hr/>

(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 six months ended 30 September 2023 and the year ended 31 March 2023. 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 30 September 2023 and 31 March 2023, 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 Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 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 analyses 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.

	Unaudited				Total RMB'000
	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	
As at 30 September 2023					
Borrowings	433,625	160,329	507,506	—	1,101,460
Trade and bills payables	355,848	—	—	—	355,848
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	20,028	—	—	—	20,028
Interest payable	47,391	28,211	22,870	—	98,472
Lease liabilities	27,801	16,260	14,823	9,941	68,825
	884,693	204,800	545,199	9,941	1,644,633
	Audited				Total RMB'000
	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	
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 payable	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

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 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).

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 30 September 2023				
Assets				
Financial assets at fair value through other comprehensive income (unaudited)	—	—	23,886	23,886
As at 31 March 2023				
Assets				
Financial assets at fair value through other comprehensive income (audited)	—	—	21,925	21,925

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

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.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

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		Un-observable	Inputs (probability-weighted average)	
As at	As at		Six months ended	Year ended
30 September	31 March		30 September	31 March
2023	2023		2023	2023
RMB'000	RMB'000			
23,886	21,925	Discount rates quoted in main state-owned banks	3.62%	2.96%

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 30 September 2023 and 31 March 2023 by approximately RMB79,000/RMB78,000 and RMB75,000/RMB75,000, respectively.

6. 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:

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	RMB'000	RMB'000
Customer A	44,090	53,557
Customer B*	48,730	N/A
Customer C	41,019	39,301

* Revenue of this customer amounted to less than 10% of the total revenue of the Group for the six months ended 30 September 2022.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

6. SEGMENT INFORMATION (Continued)

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

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Contract assets		
Non-current	34,388	66,833
Loss allowance	(73)	(284)
	34,315	66,549
Current	260,758	255,435
Loss allowance	(558)	(1,200)
	260,200	254,235
Total contract assets	294,515	320,784
	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Contract liabilities		
— Advances from disposal of equipment	4,943	—
— Advances from operating lease	1,084	896
	6,207	896

(i) Revenue recognised in relation to contract liabilities

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

	Unaudited Six months ended 30 September 2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	728	3,267

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

6. SEGMENT INFORMATION *(Continued)*

(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 and have been commenced but not yet been completed.

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
One-stop tower crane solution services	676,867	589,030
Dry lease	8,553	13,778
	685,420	602,808

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB380,372,000 as at 30 September 2023 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB305,048,000 will be recognised as revenue after 1 year but less than 5 years.

7. REVENUE

An analysis of revenue is as follows:

	Unaudited Six months ended 30 September 2023 RMB'000	2022 RMB'000
Timing of revenue recognition – Over the time		
One-stop tower crane solution services:		
– Operating Lease	141,664	183,044
– Hoisting Service	210,019	203,054
Dry lease	6,946	1,303
	358,629	387,401

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

8. FINANCE COSTS AND INCOME

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings and loans from a related party	27,112	17,132
Interest expenses on lease liabilities	1,363	1,472
Net exchange losses on foreign currency borrowings and loans from a related party	2,496	37,479
	<hr/>	<hr/>
Total finance costs	30,971	56,083
	<hr/>	<hr/>
Finance income:		
Interest income	(531)	(263)
	<hr/>	<hr/>
Finance costs — net	30,440	55,820
	<hr/>	<hr/>

9. INCOME TAX CREDIT

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	RMB'000	RMB'000
Current tax	—	1,419
Over-provision in prior years	(1,082)	—
Deferred income tax	(4,416)	(2,966)
	<hr/>	<hr/>
Income tax credit	(5,498)	(1,547)
	<hr/>	<hr/>

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.

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.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 September 2023 is 21.3% (for the six months ended 30 September 2022: 3.6%).

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

10. DIVIDENDS

Pursuant to the resolution of the annual general meeting held on 28 September 2022, dividends of HKD18,669,940 (equivalent to RMB16,912,000) were approved by the Company to its shareholders. All dividend has been paid in cash on 4 November 2022.

	Unaudited Six months ended 30 September	
	2023	2022
	RMB'000	RMB'000
Dividend payable at the beginning of the period	—	29,087
Declaration of dividends	—	16,912
Dividends paid	—	(29,087)
Dividend payable at the end of the period	—	16,912

The Board did not recommend the payment of any dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of shares in issue or deemed to be in issue during the financial period. Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The fully diluted loss per share for the financial period is the same as the basic loss per share as there is no dilutive potential share during the financial period.

	Unaudited Six months ended 30 September	
	2023	2022
	RMB'000	RMB'000
Loss attributable to the owners of the Company	(20,436)	(41,880)
Weighted average number of ordinary shares in issue ('000)	1,166,871	1,166,871
Basic and diluted loss per share (RMB)	(0.02)	(0.04)

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

12. 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 2023 (audited)							
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
Six months ended 30 September 2023							
Opening net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070
Additions	4,059	74,701	181	627	154	3,688	83,410
Disposals	–	(11,189)	–	(60)	–	–	(11,249)
Depreciation	(836)	(101,580)	(816)	(671)	(699)	–	(104,602)
Transfer	–	342	–	–	–	(342)	–
Net book amount	36,104	1,543,836	4,857	5,062	4,650	24,120	1,618,629
As at 30 September 2023 (unaudited)							
Cost	39,171	2,471,848	12,976	12,374	16,870	24,120	2,577,359
Accumulated depreciation	(3,067)	(928,012)	(8,119)	(7,312)	(12,220)	–	(958,730)
Net book amount	36,104	1,543,836	4,857	5,062	4,650	24,120	1,618,629

As at 30 September 2023, the Group pledged machineries with carrying amount of approximately RMB1,118,001,000 (31 March 2023: RMB962,253,000) for the borrowings of the Group (Note 18).

As at 30 September 2023, the Group pledged buildings with carrying amount of approximately RMB4,903,000 (31 March 2023: RMB5,038,000) for the borrowings of the Group (Note 18).

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

13. LEASES

(i) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Right-of-use assets		
Land-use rights	12,147	12,354
Machinery	44,212	50,970
Office	9,847	11,474
Warehouse	21,709	24,303
Others	1,501	2,108
	89,416	101,209
Lease liabilities		
Current	27,801	38,092
Non-current	41,023	47,566
	68,824	85,658

Additions to the right-of-use assets during the six months ended 30 September 2023 and the year ended 31 March 2023 were RMB20,481,000 and RMB65,392,000.

As at 30 September 2023, the land-use rights with carrying value of approximately RMB12,147,000 (31 March 2023: RMB12,353,000) were secured for the borrowings of the Group (Note 18).

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

13. 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:

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	206	203
Machinery	25,298	15,434
Office	2,556	3,343
Warehouse	2,665	2,428
Others	578	140
	31,303	21,548
	1,363	1,472

The total cash outflow for leases of the six months ended 30 September 2023 and 2022 were RMB62,345,000 and RMB30,588,000.

14. INTANGIBLE ASSETS

	Software	Patent	Total
	RMB'000	RMB'000	RMB'000
As at 31 March 2023 (audited)			
Cost	9,902	36,654	46,556
Accumulated amortisation	(6,220)	(19,160)	(25,380)
Net book amount	3,682	17,494	21,176
Six months ended 30 September 2023			
Opening net book amount	3,682	17,494	21,176
Amortisation charge	(401)	(1,850)	(2,251)
Net book amount	3,281	15,644	18,925
As at 30 September 2023 (unaudited)			
Cost	9,902	36,654	46,556
Accumulated amortisation	(6,621)	(21,010)	(27,631)
Net book amount	3,281	15,644	18,925

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

15. TRADE RECEIVABLES

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Accounts receivable	793,933	647,347
Less: provision for impairment	(19,967)	(16,276)
	773,966	631,071

The majority of the Group's receivables are with credit term from 30 days to 90 days. At 30 September 2023 and 31 March 2023, the aging analysis of the trade receivables, based on due date, is as follows:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Accounts receivable		
Within credit term	235,731	186,923
Less than 180 days past due	240,953	220,259
More than 180 days but less than 1 year past due	125,168	98,976
More than 1 but less than 2 years past due	92,501	79,226
More than 2 years past due	99,580	61,963
	793,933	647,347

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 30 September 2023, the Group pledged accounts receivables with carrying amount of approximately RMB159,644,000 (31 March 2023: RMB179,542,000) for the borrowings of the Group (Note 18).

The Group's trade receivables were denominated in RMB.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

16. SHARE CAPITAL

Share capital as at 30 September 2023 and 31 March 2023, represented the share capital of the Group.

	Number of Shares Authorised '000	Number of Shares Issued '000	Share Capital USD'000	Share Capital RMB'000
As at 30 September 2023 (unaudited) and 31 March 2023 (audited) (ordinary shares of USD0.08 each)	1,875,000	1,166,871	93,350	593,026

17. RESERVES

Reserves of the Group during the six months ended 30 September 2023 and the year ended 31 March 2023 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.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

18. BORROWINGS

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Non-current		
Bank borrowings — Secured	667,835	617,415
Current		
Bank borrowings — Secured	399,113	327,683
Bank borrowings — Unsecured	34,512	36,162
	433,625	363,845
Total borrowings	1,101,460	981,260

As at 30 September 2023 and 31 March 2023, the Group's borrowings were repayable as follows:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Within 1 year	433,625	363,845
More than 1 but less than 2 years	160,329	134,372
More than 2 but less than 5 years	507,506	483,043
	1,101,460	981,260

Analysis of the carrying amounts of the Group's borrowings by currency was as follows:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
RMB	1,042,024	926,784
HKD	46,423	30,569
SGD	13,013	18,764
USD	—	5,143
	1,101,460	981,260

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

18. BORROWINGS (Continued)

The weighted average effective interest rates per annum for the six months ended 30 September 2023 and the year ended 31 March 2023 were as follows:

	Unaudited Six months ended 30 September 2023	Audited Year ended 31 March 2023
RMB	5.0%	4.6%
HKD	6.5%	1.7%
SGD	4.8%	4.8%
USD	—	4.0%

The fair values of the borrowings of the Group are 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 12, Note 13 and Note 15):

- (i) As at 30 September 2023, the syndicated bank borrowings of RMB208,307,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd (“**Changzhou Tat Hong**”), and the Company, and secured by the pledge of machinery with carrying value of RMB291,620,000.

The borrowings of RMB35,000,000 were guaranteed by Tat Hong Zhaomao Investment Group Co., Ltd. (“**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 RMB167,089,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB159,644,000.

The borrowings of RMB5,000,000 were guaranteed by an external third party, Jiangsu Huajian Financing Guarantee Co., LTD. Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. (“**Ronghe Tat Hong**”), a subsidiary of the Group, pledged tower cranes and spare parts with carrying value of RMB10,081,000 to the external third party for full counter-guarantee.

The borrowings of RMB31,500,000 were guaranteed by Tat Hong Zhaomao and secured by the land-use rights with carrying value of RMB12,147,000 and the buildings with carrying value of RMB4,903,000.

The borrowings of RMB8,718,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB18,022,000.

The borrowings of RMB29,738,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB55,966,000.

The borrowings of RMB13,013,000 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 RMB52,493,000.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

18. BORROWINGS (Continued)

The borrowings of RMB79,095,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB112,712,000.

The borrowings of RMB147,727,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB208,917,000.

The borrowings of RMB35,240,000 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 RMB64,067,000.

The borrowings of RMB58,822,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, and Jiangsu Hengxingmao Financial Leasing Co., Ltd. (“**Hengxingmao**”), and secured by the pledge of machinery with carrying value of RMB73,087,000.

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 RMB23,776,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB4,801,000 were guaranteed by Zhongjian Tat Hong, and secured by the pledge of machinery with carrying value of RMB7,018,000.

The borrowings of RMB14,483,000 were guaranteed by certain subsidiaries, including, Zhongjian Tat Hong and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB13,789,000.

The borrowings of RMB102,133,000 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 RMB125,307,000.

The borrowings of RMB4,506,000 were guaranteed by Tat Hong Zhaomao, and secured by the pledge of machinery with carrying value of RMB11,442,000.

The borrowings of RMB20,000,000 were guaranteed by the Company.

The borrowings of RMB13,747,000 were secured by the security deposit with amount of RMB3,000,000.

The borrowings of RMB51,254,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB73,480,000.

- (ii) 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.

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

18. BORROWINGS *(Continued)*

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, 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.

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 Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

19. TRADE AND BILLS PAYABLES

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Accounts payable	335,654	344,296
Bills payable	20,194	42,972
	355,848	387,268

As at 30 September 2023 and 31 March 2023, the aging analysis of the trade payables (including amounts due to related parties of trading in nature), based on transaction date, is as follows:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Within 3 months	136,702	102,443
More than 3 months but less than 1 year	152,590	203,526
More than 1 year but less than 2 years	42,252	35,777
More than 2 years but less than 3 years	1,757	1,296
More than 3 years but less than 5 years	1,100	768
More than 5 years	1,253	486
	335,654	344,296

The carrying amounts of trade and bills payables approximate their fair values.

20. COMMITMENTS

(i) Capital commitments

As at 30 September 2023 and 31 March 2023, the Group had the following capital commitments:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Contracted but not provided for		
— Property, plant and equipment	22,533	19,053

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

20. COMMITMENTS (Continued)

(ii) Lease commitments

As at 30 September 2023 and 31 March 2023, the Group had the following lease commitments:

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Less than 1 year	15,517	9,192

21. 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 periods:

Name of related parties	Relationship with the Company
Chwee Cheng & Sons Pte. Ltd.	Ultimate parent company
THEC	Intermediate parent company
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (" Beijing Tat Hong ")	Under common control by THH
Yongmao Holdings Limited (" Yongmao ")	Associate of THH
Fushun Yongmao Construction Machinery Co., Ltd. (" Fushun Yongmao ")	Controlled by Yongmao
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (" Beijing Yongmao ")	Controlled by Yongmao

(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*

	Unaudited Six months ended 30 September 2023 RMB'000	2022 RMB'000
Controlled by Yongmao	6,616	30,393

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

(ii) Rental expenses for short-term leases

	Unaudited Six months ended 30 September	
	2023 RMB'000	2022 RMB'000
Controlled by Yongmao	5,002	3,019
Under common control by THH	15	17
	5,017	3,036

(iii) Revenue from related parties

	Unaudited Six months ended 30 September	
	2023 RMB'000	2022 RMB'000
Controlled by Yongmao	221	—

(c) Balances with related parties

(i) Receivables from related parties

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Trade		
Accounts receivable		
— Controlled by Yongmao	569	319
Other receivables		
— Controlled by Yongmao	788	788

(ii) Prepayments to related parties

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Trade		
Controlled by Yongmao	2,842	2,812

(iii) Right-of use assets

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Right-of-use assets		
controlled by Yongmao	827	2,414

Notes to the Unaudited Condensed Consolidated Financial Statement

For the six months ended 30 September 2023

21. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(iv) Payables to related parties

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Trade		
Accounts payable		
— Controlled by Yongmao	25,186	15,445
— Under common control by THH	189	133
	25,375	15,578
Bills payable		
— Controlled by Yongmao	1,150	14,277

(v) Lease liabilities

	Unaudited As at 30 September 2023 RMB'000	Audited As at 31 March 2023 RMB'000
Lease liabilities		
— Controlled by Yongmao	1,254	2,955

(d) 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:

	Unaudited Six months ended 30 September 2023 RMB'000	2022 RMB'000
Salaries, bonus and other welfare	2,064	3,389

Management Discussion and Analysis

BUSINESS REVIEW

The Group mainly engages in the provision of one-stop tower crane solution services covering consultation, technical design, commissioning, construction to after-sales services to Chinese Special-tier and Tier-1 EPC contractors. We mainly participate in engineering, procurement and construction projects (“**EPC projects**”) of our clients in the industries of infrastructure, clean energy, traditional energy, public and factory building, commercial and residential building, which are primarily located in the People’s Republic of China (the “**PRC**”). During the six months ended 30 September 2023, the Group managed a total of 1,185 tower cranes, making our tower crane fleet the second largest in China’s tower crane service market. Our large-scale tower crane fleet enables us to place our focus on large to medium-sized construction projects, providing them with comprehensive tower crane services with a wide range of lifting capacities (ranging from 80 to 3,150 tonne metres (TM)).

In the period, China’s construction industry was still being hindered by the slow post pandemic economic recovery. The supply of new domestic construction projects decreased substantially compared to last year. This resulted in the decline in the average monthly service price of tower cranes per tonne metres (TM). In order to maintain the domestic market position, the Group had expanded its geographical frontier to the Greater Bay Area to cover Hong Kong and Macau. As of June 2023, the first unit of tower crane was deployed in Hong Kong, and more than 20 units were also deployed in Macau. In the meantime, we are also making inroads into other foreign geographical territories to increase our future revenue.

During the period, we had invested a great amount of effort in our digitalized management platforms of “TOP” and “iSmartCon” to improve the efficiency in management and operation. Meanwhile, we had also continued on the research and development of new tower crane technical solutions. As at 30 September 2023, we possess 146 registered patents for utility models and inventions relating to tower cranes. We believe our robust technical capabilities will continue to enable us to procure projects, and the enhancement in our research and development capabilities for tower crane technical solutions will reinforce our excellent delivery in services.

Operating Results

The Group recorded a net loss of approximately RMB20.4 million for the six months ended 30 September 2023, representing a decrease of net loss of approximately 51.2% as compared with the net loss of approximately RMB41.9 million for the six months ended 30 September 2022. Such decrease in loss was mainly due to, among the other factors, (i) the decrease in exchange loss arising from a foreign currency loan, resulting in a decrease in finance costs; and (ii) the decrease in cost of sales due to a decrease in material and repair costs and labor subcontracting cost.

Future Development

The present pace of market recovery in China is sluggish, but it is expected to gradually get back on track under the premise of high-quality growth. The Group will make timely adjustments to its operational and geographical strategies in response to the evolving global market environment. The rapid development of clean and green energy in the PRC will present new opportunities to the Group.

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 on the sustainable development strategic goals of the Group. Through improved digitalized management, we can achieve resources sharing, cost reduction and efficiency enhancement, while at the same time proactively pursuing international businesses. This series of measures can improve operating efficiency and fulfil the Group’s goal to become “the best construction equipment service provider” in the industry.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased to RMB358.6 million for the six months ended 30 September 2023, representing approximately 7.4% decrease from that for the six months ended 30 September 2022. Although our total tonne metres (TM) in use increased from 1,577,983 for the six months ended 30 September 2022 to 1,594,911 for the six months ended 30 September 2023, the average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB257 to RMB225, thereby affecting the Group's revenue.

Cost of Sales

Our cost of sales decreased by approximately 5.5% from approximately RMB311.9 million for the six months ended 30 September 2022 to approximately RMB294.8 million for the six months ended 30 September 2023. Such decrease was mainly attributable to a decrease in material and repair costs and labor subcontracting cost.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 15.5% from approximately RMB75.5 million for the six months ended 30 September 2022 to approximately RMB63.8 million for the six months ended 30 September 2023. Our overall gross profit margin decreased from approximately 19.5% for the six months ended 30 September 2022 to approximately 17.8% for the corresponding period in 2023. Such decrease was mainly due to the combined effects of the above-mentioned.

Other income

The other income for the six months ended 30 September 2023 was approximately RMB1.5 million, representing a decrease of approximately RMB2.0 million or approximately 57.5% as compared to that of approximately RMB3.5 million for the six months ended 30 September 2022. Our other income mainly comprised of value-add tax refund and government grants. The decrease was mainly due to the decrease in receipt of government grants.

Research and development expenses

Our research and development expenses decreased from approximately RMB12.2 million for the six months ended 30 September 2022 to approximately RMB11.7 million for the six months ended 30 September 2023. This was mainly due to the decrease in development work on patents. The percentage of research and development expense to the total revenue remains unchanged.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 14.0% from approximately RMB7.6 million for the six months ended 30 September 2022 to approximately RMB6.6 million for the six months ended 30 September 2023. Such decrease was mainly due to the adoption of online working by the Group, which led to the reduction in travelling expenses.

General and administrative expenses

Our general and administrative expenses for the six months ended 30 September 2023 amounted to approximately RMB39.6 million, representing a decrease of approximately RMB1.7 million or 4.3% as compared to that of approximately RMB41.3 million for the six months ended 30 September 2022. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such decrease was primarily attributable to the decrease in travelling expenses and office expenses as a result of telecommuting.

Management Discussion and Analysis

Finance costs

Our finance costs for the six months ended 30 September 2023 amounted to approximately RMB31.0 million, representing a decrease of approximately RMB25.1 million or approximately 44.8% as compared to that of approximately RMB56.1 million for the six months ended 30 September 2022. The decrease was mainly due to the decrease in exchange loss arising from a foreign currency loan, resulting in the decrease in finance costs.

Income tax credit

Our income tax credit for the six months ended 30 September 2023 amounted to approximately RMB5.5 million, as compared to income tax credit of approximately RMB1.5 million for the six months ended 30 September 2022. Such increase in tax credit was due to tax refund during the period.

Loss for the period

As a result of the above-mentioned reasons, the Group recorded a loss of RMB20.4 million for the six months ended 30 September 2023 as compared to a loss of RMB41.9 million in the corresponding period, representing a decrease in loss of approximately RMB21.5 million or approximately 51.2% as compared with that for the same period in 2022.

Working capital structure

The Group's net current assets amounted to approximately RMB472.9 million as at 30 September 2023, representing an increase of approximately RMB89.3 million from that as at 31 March 2023, which was mainly due to the decrease in trade and bills payables and the increase in trade receivables.

Liquidity and financial management

A substantial amount of capital is required to fund our purchase of tower cranes, working capital requirements and general business expansion. Our operations 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 30 September 2023, the cash and cash equivalents were approximately RMB148.0 million, representing a decrease of approximately RMB7.5 million when compared with those as at 31 March 2023.

The Group's current ratio (which represents the total sum of current assets, divided by the total sum of current liabilities) was 1.52 times as at 30 September 2023, as compared to that of 1.44 times as at 31 March 2023. The increase in current ratio was mainly attributable to the decrease in trade and bills payables and the increase in trade receivables.

The gearing ratio of the Group, (which represents the total sum of borrowings and lease liabilities, divided by total equity), was 78.2% as at 30 September 2023, as compared to that of 70.3% as at 31 March 2023. The increase in gearing ratio was mainly attributable to the increase in borrowings.

Management Discussion and Analysis

Pledge of assets

As at 30 September 2023, the Group pledged machineries with carrying amount of approximately RMB1,118.0 million (31 March 2023: RMB962.3 million) for the borrowings of the Group.

As at 30 September 2023, the land-use rights with carrying amount of approximately RMB12.1 million (31 March 2023: RMB12.4 million) were secured for the borrowings of the Group.

As at 30 September 2023, the buildings with carrying amount of approximately RMB4.9 million (31 March 2023: 5.0 million) were secured for the borrowings of the Group.

Lease Liabilities

The lease liabilities decreased by approximately 19.7% from approximately RMB85.7 million as at 31 March 2023 to approximately RMB68.8 million as at 30 September 2023. This was mainly due to the payment of rental expenses.

CAPITAL COMMITMENT

As at 30 September 2023, the contracted but not delivered property, plant and equipment was approximately RMB22.5 million, representing an increase of approximately RMB3.5 million from that as at 31 March 2023.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange loss for the six months ended 30 September 2023 amounted to approximately RMB2.4 million, representing a decrease of approximately RMB34.8 million as compared to that of approximately RMB37.2 million for the six months ended 30 September 2022. The Group mainly operates in the PRC with RMB as the functional currency, and most of our 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 subsequent periods. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the six months ended 30 September 2023.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment as at 30 September 2023.

Management Discussion and Analysis

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 of the underwriting fees and commissions and other expenses payables by the Group in connection with the Global Offering. As of 30 September 2023, the amount of Net Proceeds which remain unutilised amounted to approximately HKD14.1 million. Set out below are details of the planned allocation of the Net Proceeds, the utilised and unutilised amount of the Net Proceeds as at 30 September 2023:

Usage	% of Total Net Proceeds	Planned Allocation of the Net Proceeds HKD'000	Unutilised Net Proceeds as at 1 April 2023 HKD'000	Utilised Net Proceeds	Utilised Net Proceeds	Unutilised Net Proceeds	Expected Timeline of Full Utilisation of the Net Proceeds
				during the six months ended 30 September 2023 HKD'000	up to 30 September 2023 HKD'000	as at 30 September 2023 HKD'000	
Purchase tower cranes	63.0%	305,865	60,493	46,365	291,737	14,128	By 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	60,493	46,365	471,372	14,128	

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

Management Discussion and Analysis

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2023 (2022: Nil).

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

During the six months ended 30 September 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 30 September 2023, the Group did not have any immediate plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 1,069 employees who include the Directors of the Company and its subsidiaries (2022: 1,328 employees). The total employee benefits expenses for the six months ended 30 September 2023 was RMB46.8 million, a decrease of 6.8 % when compared with that for the six months ended 30 September 2022. Such decrease was mainly attributable to the a reduction in headcount from 1,328 to 1,069.

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 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.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 September 2023 and up to the date of this interim report.

Other Information

OTHER INFORMATION

Interests and short positions of Directors and chief executive in the Shares, underlying Shares or debentures of the Company and its associated corporations

As at 30 September 2023, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures 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 (the “Listing Rules”) on the Stock Exchange were as follows:

(A) Long position in the Shares

Name of Director	Capacity	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Mr. Ng San Tiong (“Mr. Ng”) ^(Note 1)	Trustee	853,532,387	73.15%
Mr. Yau Kok San	Beneficial owner	4,957,135	0.42%
Mr. Lin Han-wei	Beneficial owner	4,906,118	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.	Trustee	39.50%
	(“Chwee Cheng & Sons”)	Beneficial owner	11.01%

Notes:

1. Tat Hong Equipment (China) Pte. Ltd. (“Tat Hong China”) directly held approximately 72.30% 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 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 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 Sun Giam and Ng San Wee 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 and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.

Other Information

Save as disclosed above, as at 30 September 2023, none of the Directors or 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 are aware, as at 30 September 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/Nature 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	853,532,387	73.15%
Tat Hong International ^(Note 1)	Interest in controlled corporations	853,532,387	73.15%
Tat Hong Holding ^(Note 1)	Interest in controlled corporations	853,532,387	73.15%
THSC Investments ^(Note 1)	Interest in controlled corporations	853,532,387	73.15%
TH60 Investments ^(Note 1)	Interest in controlled corporations	853,532,387	73.15%
Chwee Cheng & Sons ^(Note 1)	Interest in controlled corporations	853,532,387	73.15%
Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee ^(Note 1)	Trustee	853,532,387	73.15%
PHILLIP CAPITAL (HK) LIMITED ^(Note 2)	Beneficial owner	64,738,000	5.55%
LIM Hua Min ^(Note 2)	Interest in controlled corporations	64,738,000	5.55%

Notes:

- Tat Hong China directly held approximately 72.30% 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 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 and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.
- 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 30 September 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.



Other Information

SHARE OPTION SCHEME

On 13 January 2021, a share option scheme (the “**Share Option Scheme**”) with terms complying with Chapter 17 of the Listing Rules was conditionally approved and adopted by the then shareholders of the Company. 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. Details of the principal terms of the Share Option Scheme are set out in the Prospectus.

As at 1 April 2023 and 30 September 2023, the number of option available for grant under the Share Option Scheme was 116,687,125. During the six months ended 30 September 2023 and up to the date of this interim report, no share option was granted, exercised, lapsed or cancelled, and there was no outstanding share option under the Share Option Scheme.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The Board has reviewed the corporate governance practices of the Company and is of the view that the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2023.

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 the Directors had complied with the required standard set out in the Model Code during the six months ended 30 September 2023 and no incident of non-compliance by the Directors has been noted by the Company during the six months ended 30 September 2023.

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

The Company has set up an audit committee (the “**Audit Committee**”) for the purposes of reviewing and providing supervision over the financial reporting process and internal audit function of the Group, reviewing the internal controls and risk management systems of the Group. The Audit Committee 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.

The Audit Committee has reviewed and has no disagreement to the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 September 2023 and the accounting principles and practices adopted by the Group. The Audit Committee considers that the interim financial information of the Company has complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

CHANGE IN DIRECTORS' INFORMATION

There is no change in information on the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.