



2025 ANNUAL REPORT



TAT HONG

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

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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

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

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

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 2025.

FINANCIAL PERFORMANCE

The Group's revenue decreased by approximately 7.0% from RMB682.3 million for the year ended 31 March 2024 to RMB634.6 million for the year ended 31 March 2025, primarily due to our total tonne metre (TM) in use decreased from 3,178,404 for the year ended 31 March 2024 to 3,137,910 for the year ended 31 March 2025, and the average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB215 to RMB202.

The Group's gross profit decreased by approximately 12.0% from RMB80.8 million for the year ended 31 March 2024 to RMB71.1 million for the year ended 31 March 2025, which was caused by the decelerated economic growth and sluggish conditions in the construction sector. Correspondingly, the net loss for the year ended 31 March 2025 amounted to RMB120.5 million, representing an increase of RMB24.8 million or 26.0% from the year ended 31 March 2024. Such increase in net loss was mainly due to, among other factors, (i) a decline in revenue, attributable to the slower economic growth and a sluggish construction sector; and (ii) higher income tax expenses arising from the adjustment on deferred tax.

As at 31 March 2025, We had 256 projects in progress with a total outstanding contract value of approximately RMB721.3 million and 38 projects on hand of total expected contract value at approximately RMB78.7 million.

PROSPECTS

Industry Environment and Strategic Adjustment

During the financial year, the construction machinery industry faced the dual pressures of weak market demand and declining service prices for tower cranes, resulting in high competition in the industry. In this regard, the Group had actively optimized its business structure, adjusted market strategies and reduced the exposure to real estate segment. Meanwhile, the Group followed the guidance of the national clean energy policy, focusing on the construction of nuclear power plants and the concurrent development of new thermal power plants. With its profound industrial experience, proven engineering capabilities and leading innovation capability, the Group had established a significant competitive advantage in the clean energy sector.

Overseas Expansion and Core Business Upgrade

In FY2025, the Group had accelerated its internationalization process with deepened operations in the Greater Bay Area and in Indonesia. Maintaining the focus on medium and large tonnage tower cranes, the Group had successfully served key projects in Hong Kong and Indonesia. Moving forward, clean energy and overseas markets will serve as the Group's dual core growth engines to drive profitability.

Chairman's Statement

Technological Innovation and Digital Transformation

The Group has consistently invested in technological research and development and digital management transformation. As of 31 March 2025, the Group has owned 187 registered patents for utility models and inventions relating to tower cranes. By strengthening its development capability in technological solutions, the Group will continually improve its quality of service, maintain competitive edge in project bidding, and establish a solid foundation for high-quality business growth in the future.

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, 13 June 2025

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 in the industries of infrastructure, clean energy, traditional energy, public and factory building, commercial and residential building etc. During the financial year, under the effect of insufficient market demand and the decline in the average monthly service price of tower cranes per tonne metres (TM), the supply and demand mismatch had resulted in high levels of market competition in the entire construction machinery industry.

During the financial year, the Group developed tailored strategies to cope with the sluggish market conditions. The Group continuously adjusted its business mix, progressively reducing the revenue contribution from the real estate sector. Additionally, the Group actively responded to the national call to vigorously develop clean energy and, in line with the market trend and growth potential, focused on thermal power projects and nuclear power projects. Given that clean energy projects typically involve long construction cycles and large-scale operations, the Group had gained considerable advantages by relying on its extensive industry experience, established construction expertise, and strong technical capabilities. During the financial year, the Group accelerated its overseas market presence, thoroughly implemented its operational strategies through its subsidiaries in the Greater Bay Area and in Indonesia, and gradually expanded its fleet of large and medium-sized tower cranes. Up to now, large-tonnage-meter tower cranes have been predominantly deployed in the projects across Hong Kong and Indonesia. In light of the above, clean energy and overseas projects remain the Group's key priorities for future development.

During the financial year, we managed a total of 1,180 tower cranes, so as to cater for our customers' specialised range of EPC projects throughout the PRC. During the year, we had continued our investment in the digitalization of our management platform and the research and development of new tower crane technical solutions. As at 31 March 2025, we possess 187 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 RMB120.5 million for the year ended 31 March 2025 representing an increase of approximately 26.0% as compared with the net loss of approximately RMB95.6 million for the year ended 31 March 2024. This increase in loss was primarily due to the (i) a decline in revenue, attributable to the slower economic growth and a sluggish construction sector; and (ii) higher income tax expenses arising from the adjustment on deferred tax.

FUTURE DEVELOPMENT

While both of the property market and the construction industry in the PRC were in a downturn during the financial year, the Group has promptly adopted adjustments to the Group's development strategies including the expansion to the clean energy construction segment and the geographical expansion to the Greater Bay Area and Indonesia, so as to cope with the difficult and rapidly changing business environment. In the coming financial year, we will continue to further strength our position in the above new segments and locations, and seize new opportunities in the market.

With our core corporate values "Virtue (厚德), Safety (安全) and Excellence (卓越)", we will continue to concentrate on the research and development of new tower crane technologies to equip ourselves with the most robust technical capabilities to deliver excellent services to our clients. During the year, we had implemented the digitalized management platforms namely "TOP" and "iSmartCon". In the coming year, we will continue our efforts to optimize our operation and digitalize our management platforms, so as to achieve resources sharing, cost reduction and efficiency enhancement. With all the above measures, we believe we can 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 by approximately 7.0% from RMB682.3 million for the year ended 31 March 2024 to RMB634.6 million for the year ended 31 March 2025, primarily due to our total tonne metre (TM) in use decreased from 3,178,404 for the year ended 31 March 2024 to 3,137,910 for the year ended 31 March 2025, and the average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB215 to RMB202.

Cost of Sales

Our cost of sales decreased by approximately 6.3% from RMB601.5 million for the year ended 31 March 2024 to RMB563.5 million for the year ended 31 March 2025. The decrease in cost of sales was primarily due to decrease in labour subcontracting cost.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 12.0% from RMB80.8 million for the year ended 31 March 2024 to RMB71.1 million for the year ended 31 March 2025. Our overall gross profit margin decreased from approximately 11.8% for the year ended 31 March 2024 to approximately 11.2% for the year ended 31 March 2025.

Other income

Our other income for the year ended 31 March 2025 amounted to approximately RMB3.9 million, representing an increase of approximately RMB1.1 million or 38.9% as compared to that of approximately RMB2.8 million for the year ended 31 March 2024. The other income mainly comprised of management fees and value-added tax refunds. The increase was primarily attributed to management fee from Indonesia customer.

Research and development expenses

Our research and development expenses decreased from approximately RMB19.4 million for the year ended 31 March 2024 to approximately RMB15.4 million for the year ended 31 March 2025. This was mainly due to the decrease in patent development projects.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 2.4% from approximately RMB15.0 million for the year ended 31 March 2024 to approximately RMB15.4 million for the year ended 31 March 2025. Such increase was mainly due to an increase in marketing and consulting fees.

General and administrative expenses

Our general and administrative expenses increased by approximately RMB3.4 million or 4.1% from approximately RMB82.0 million for the year ended 31 March 2024 to RMB85.3 million for the year ended 31 March 2025. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such increase was primarily attributable to an increase in office expenses.

Management Discussion and Analysis

Finance costs

Our finance costs decreased by approximately RMB2.2 million or 3.4% from approximately RMB64.5 million for the year ended 31 March 2024 to RMB62.3 million for the year ended 31 March 2025. The decrease was mainly due to a decrease in interest rates during the year.

Income Tax Expense

Our income tax expense for the year ended 31 March 2025 amounted to approximately RMB13.9 million, as compared to income tax credit of approximately RMB9.8 million for the year ended 31 March 2024. Such increase was mainly due to the higher income tax expenses arose from the adjustment on deferred tax.

Loss for the year

As a result of the foregoing reason, the Group recorded a loss of RMB120.5 million for the year ended 31 March 2025 as compared to a loss of RMB95.6 million for the year ended 31 March 2024, representing an increase of approximately RMB24.8 million or approximately 26.0%.

Working capital structure

The Group's net current assets amounted to RMB128.0 million as at 31 March 2025, representing a decrease of RMB267.1 million from 31 March 2024, which was mainly due to an increase in short-term 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 2025, the cash and cash equivalents plus restricted cash were RMB145.9 million, representing an increase of RMB6.6 million when compared with those for the year ended 31 March 2024.

The Group's current ratio, which represents the total sum of current assets, divided by the total sum of current liabilities, was 1.12 times as at 31 March 2025, as compared to that of 1.44 times as at 31 March 2024.

The gearing ratio of the Group, (which represents the total liabilities divided by the total assets, was 58.1% as at 31 March 2025, as compared to that of 53.8% as at 31 March 2024. The increase in gearing ratio was mainly attributable to the increase in lease liabilities.

Pledge of assets

As at 31 March 2025, the Group pledged machineries with carrying amount of approximately RMB928.8 million (2024: RMB966.7 million) for the bank borrowings and other borrowings of the Group.

As at 31 March 2025, the Group pledged accounts receivable with carrying amount of approximately RMB236.9 million (2024: RMB233.1 million) for the bank borrowing of the Group.

As at 31 March 2025, the land-use rights with carrying value of approximately RMB11.5 million (2024: RMB11.9 million) were secured for the bank borrowings of the Group.

Management Discussion and Analysis

As at 31 March 2025, the buildings with carrying value of approximately RMB4.7 million (2024: RMB5.0 million) were secured for the bank borrowings of the Group.

Lease Liabilities

The lease liabilities increased by 67.8% from approximately RMB84.4 million as at 31 March 2024 to approximately RMB141.7 million as at 31 March 2025. This was mainly due to an increase in leases of tower cranes.

As at 31 March 2025, the lease liabilities of RMB32.8 million (2024: RMB18.9 million) were secured by the pledge of machinery with carrying value of RMB41.2 million (2024: RMB16.4 million).

CAPITAL COMMITMENT

As at 31 March 2025, the contracted but not provided property, plant and equipment was RMB8.6 million, representing an increase of RMB5.5 million from that as at 31 March 2024.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange loss for the year ended 31 March 2025 amounted to approximately RMB1.1 million, representing a decrease of approximately RMB0.9 million as compared to that of approximately RMB2.1 million for the year ended 31 March 2024. The Group mainly operates in the PRC with RMB as the functional currency. The Board is of the view that the Group's foreign exchange rate risks are not the main risks in the subsequent 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 2025.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2025 (2024: nil).

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

During the year ended 31 March 2025, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2025, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2025, the Group did not have any significant investment or capital assets.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed around 677 employees who include the Directors of the Company and those of subsidiaries (2024: 732 employees). The total employee benefit expense for the year ended 31 March 2025 was RMB78.2 million, a decrease of 11.7% when compared with that for the year ended 31 March 2024. Such decrease was mainly attributable to a headcount reduction.

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.

CREDIT RISK MANAGEMENT OF TRADE RECEIVABLES

As at 31 March 2025, trade receivables were RMB683.9 million, representing a decrease of RMB50.5 million when compared with those for the year ended 31 March 2024. We have already implemented a range of measures to recover long-aged receivables, including negotiating repayment plans with customers, taking legal action for debt collection, and implementing asset offset arrangements. Our management have monitored the Group's credit risks on a project-by-project basis. We usually accelerate the repayment of overdue account receivables for each project by halting the deployment of tower cranes or provision of on-site staff according to the project's progress.

Our directors considered that the provision for impairment of trade receivables is a matter of judgement and is highly dependent on each customer's characteristics, including but not limited to, the type of customer and the recovery rate from overdue payment. Our customers generally have solid backgrounds and financial conditions, good reputation, credibility and payment records. As the majority of our customers are subsidiaries or affiliates of Chinese state-owned enterprises or public companies which are also the key players in the construction industry, our receivable collection periods from these customers are relatively longer which, according to Frost & Sullivan, is an industrial norm as the payment approval process for these Chinese state-owned enterprises are normally complicated and time consuming.

Management Discussion and Analysis

The Group currently implements the following measures in order to recover aged receivables:

- **Strengthen Communication:** Regular account reconciliations are conducted to ensure clarity and reduce delays. Additionally, maintaining consistent contact with the clients' finance teams helps keep track of payment statuses.
- **Provide Flexible Payment Methods:** The Group offers flexible payment options to clients, such as accepting different types of bills, making it easier for clients to meet their payment obligations without immediate cash outlay.
- **Utilize Financial Tools:** Financial tools like factoring enable companies to turn receivables into quick funds. Additionally, utilizing complaint channels can put pressure on clients to fulfill their payment obligations.
- **Legal Measures:** If all else fails, legal measures such as sending demand letters or filing lawsuits can be employed to recover payments. Additionally, filing complaints through official channels like “信訪辦上訪” and “雲築網” would exert further pressure on clients.

EVENTS AFTER THE REPORTING PERIOD

On 3 April 2024, the Company has launched a SGD50 million multicurrency multi-series unsecured and unsubordinated commercial paper facility programme (the “**SDAX Multicurrency CP Facility Programme**”) pursuant to which the Company may issue and list commercial paper in the form of security tokens in multiple series on the SDAX digital platform operated by SDAX Exchange Pte. Ltd., a company incorporated in Singapore that is a recognised market operator and regulated by the Monetary Authority of Singapore.

On 8 April 2025, the Company has launched the fifth issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.05% per annum and matures approximately three (3) months from the date of issuance (the “**3-month SGD Series 005 Issuance**”). For further details, please refer to the announcement of the Company dated 8 April 2025.

Save as disclosed in this report, there were no other significant events that might affect the Group since 31 March 2025 and up to the date of this report.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YAU Kok San (邱國樂) (“Mr. Yau”), aged 62, 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) (“**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**”), 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**”) and Tat Hong Equipment (HK) Limited. (達豐設備(香港)有限公司).

Mr. Yau has more than 17 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 20 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 61, 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 eight subsidiaries of the Group, namely Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Chongqing Tat Hong, Ronghe Tat Hong, Tat Hong Belt Road, Guangdong Tat Hong and Tat Hong Equipment (HK) Limited.

Biographical Details of Directors and Senior Management

Mr. Lin has more than 26 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 Horngshiu 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 72, 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 47 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 four subsidiaries of the Group, namely Jiangsu Hengxingmao, Shanghai Tat Hong, Tat Hong Zhaomao 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: BKK) ("**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 69, 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 three subsidiaries of the Group, namely Tat Hong Zhaomao, Shanghai Tat Hong, and Jiangsu Hengxingmao.

Mr. Sun has more than 27 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 39, 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 16 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 53, 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 31 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 48, 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 25 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. Since May 2024, Ms. Pan has been appointed as an independent director of Sofiva Genomics Co., Ltd. a company listed on the Main Board of the Taiwan Stock Exchange (stock code: 6615). Since May 2025, Ms. Pan has been appointed as an independent director of Horngshiue Holding Co., Ltd. a company listed on the Main Board of the Taiwan Stock Exchange (stock code: 2243).

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 58, 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 28 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 was also appointed as Adjunct Associate Professor in the Department of Finance, NUS Business School from July 2024 to June 2025.

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 62, 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 33 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

Biographical Details of Directors and Senior Management

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.

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 45, 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 19 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. Ms. Wang also obtained a Master's Degree in Professional Accountancy from The Chinese University of Hong Kong in October 2023.

Mr. ZHU Hui (朱輝) ("Mr. Zhu"), aged 59, 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 37 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.

Biographical Details of Directors and Senior Management

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.

Mr. SHEN Shiping (沈世平) ("Mr. Shen"), aged 66, 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 25 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 52, 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 29 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.

Biographical Details of Directors and Senior Management

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.

Mr. JIANG Tao (姜弢) ("Mr. Jiang"), aged 43, 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 18 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 45, 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 21 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.

Mr. YU Chunlei (于春雷) ("Mr. Yu"), aged 43, is the general manager of Guangdong Tat Hong since 1 July 2023, one of the operating subsidiaries of the Group. Mr. Yu is primarily responsible for corporate management and supervision of daily business operations of Guangdong Tat Hong. He is also the executive deputy general manager of Huaxing Tat Hong and is responsible for the overall planning, systems improvement, and day-to-day operation and management of Huaxing Tat Hong.

Mr. Yu has more than 19 years of experience in the tower crane solution service industry. Mr. Yu joined Jiangsu China Nuclear Huaxing as a technician and was promoted as the assistant to manager in July 2005. From 2007 to 2022, Mr. Yu held different positions in Huaxing Tat Hong including deputy manager of Kunshan subsidiary of Huaxing Tat Hong, including safety supervisor of engineering management center, deputy manager of Shanghai subsidiary of Huaxing Tat Hong, manager of Zhejiang subsidiary of Huaxing Tat Hong, chief operating officer of East China Region, assistant to general manager and deputy general manager, until he became the executive deputy general manager in December 2022.

Mr. Yu obtained a Bachelor's Degree in Mechanical Design, Manufacturing and Automation from Shenyang Jianzhu University in China in July 2005.

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 Government 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 the 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 the 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 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 under the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the year ended 31 March 2025 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.

Corporate Government Report

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 C3 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 2025 and up to the date of this annual report.

COMPETING INTEREST

For the year ended 31 March 2025, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, the management, the Shareholders 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 “Group”) 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.

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 providing 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.

Corporate Government Report

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 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 Directors’ independence annually with regards to all relevant factors related to the Independent Non-executive Directors 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.

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 statutes, 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.

Corporate Government Report

The attendance record of professional training received by the Directors during the year ended 31 March 2025 is as follows:

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

Notes:

A: Participating the web training from 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.

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.

As of the date of this annual report, the Company had a total of 9 Directors, covering different genders and a broad age distribution. There is a diverse mix of educational background and professional experience. The Nomination Committee has reviewed the Board Diversity Policy and considers that there is appropriate balance among the Board members in terms of skills, experience and perspectives.

Corporate Government Report

Gender Diversity

The Company's employees (including senior management) consist of a majority of male. As at 31 March 2025, out of the Company's 677 employees, approximately 81% were men and 19% were women, which is in line with the characteristics of the industry. The Company considers the current gender diversity to be satisfactory and in order to maintain gender diversity at the employee level, the Company welcomes people of any gender to join, and promises to provide equal opportunities to employees of all genders in terms of recruitment, training and development, opportunities for advancement, remuneration and benefits. The Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of the Board.

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 22 November 2024 and, amongst other matters, considered and approved the unaudited interim results for the six months ended 30 September 2024.

During the year ended 31 March 2025, four 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 (<i>Chief Executive Officer</i>)	4/4
Mr. Lin Han-wei	4/4
Non-executive Directors	
Mr. Ng San Tiong (<i>Chairman</i>)	4/4
Mr. Sun Zhaolin	2/4
Mr. Guo Jinjun	3/4
Mr. Liu Xin	2/4
Independent Non-executive Directors	
Ms. Pan I-Shan	4/4
Mr. Wan Kum Tho	4/4
Dr. Huang Chao-Jen	4/4

Corporate Government Report

General Meetings

One general meeting was held during the year ended 31 March 2025. The attendance record of each Director is set out in the table below:

Name of Directors	Attendance/ Number of General Meetings held during a Director's tenure
Executive Directors	
Mr. Yau Kok San (<i>Chief Executive Officer</i>)	1/1
Mr. Lin Han-wei	1/1
Non-executive Directors	
Mr. Ng San Tiong (<i>Chairman</i>)	1/1
Mr. Sun Zhaolin	0/1
Mr. Guo Jinjun	0/1
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

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 exist 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.

Corporate Government Report

During the year ended 31 March 2025, the Audit Committee mainly performed the following duties:

- reviewed our Group's the audited annual results for the year ended 31 March 2024 and the unaudited interim report for the six months ended 30 September 2024, 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 Auditor; 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 2025, two Audit Committee meetings were 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 meetings held during a Director's tenure
Ms. Pan I-Shan (<i>Chairlady</i>)	2/2
Mr. Wan Kum Tho	2/2
Dr. Huang Chao-Jen	2/2

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 2025, the Remuneration Committee mainly performed the following duties:

- reviewed our Group's remuneration policy and reviewed the remuneration package of the Executive Directors and senior management for the year ended 31 March 2024.

Corporate Government Report

During the year ended 31 March 2025, two Remuneration Committee meetings were 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 (<i>Chairman</i>)	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 2025 Number of individuals
HKD500,000 to HKD1,000,000	1
HKD1,000,001 to HKD1,500,000	1
HKD1,500,001 to HKD2,000,000	1
HKD2,000,001 to HKD2,500,000	–
HKD2,500,001 to HKD3,000,000	2

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.

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.

Corporate Government Report

During the year ended 31 March 2025, 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 2024;
- 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 2024 AGM of the Company to be held on 26 September 2024, and made commendations to the Board on the re-election of retiring Directors.

During the year ended 31 March 2025, one Nomination Committee meeting was 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 Tong (<i>Chairman</i>)	1/1
Mr. Wan Kum Tho	1/1
Dr. Huang Hao-Jen	1/1

Nomination Policy

The Board has reviewed its nomination policy on 13 June 2025 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 Government 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 Government 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.

The Shareholders 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 the Shareholders.
- (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 signing 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 in accordance with the Listing Rule; and
- (h) In accordance with the Articles of Association 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 Government Report

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.

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 2025. 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 101 to 106 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 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.

Corporate Government Report

AUDITOR'S REMUNERATION

An analysis of the remuneration paid or payable to the external auditor of the Company, RSM Hong Kong, in respect of audit services provided to the Group for the year ended 31 March 2025 is set out below:

Services rendered	Service Category Fees Paid/Payable RMB'000
Audit service	1,981
Non-audit services	—

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 assess 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 complete elimination) the risk of failure to achieve business objectives. Highlights of our internal control system include the following:

Corporate Government Report

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.

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 2025 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 year ended 31 March 2025 and up 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 in Part 2 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.

Corporate Government Report

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.

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 2025, 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 2025 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 include:

- 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 requirements under the Listing Rules and the related guidance.

Corporate Government Report

COMPANY SECRETARY

During the year ended 31 March 2025, Ms. Oh Sim Yee (“**Ms. Oh**”) was the Company Secretary of the Company, reported directly to the Board and was responsible for, inter alia, providing updated and timely information to all Directors from time to time. During the year ended 31 March 2025, 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 twelve years of experiences 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, the Executive Director of the Company.

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 ongoing 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 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 the 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 holding, at the date of deposit of the requisition, not less than one-tenth of the voting rights (on a one share one vote basis) in the capital 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 or resolution 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.

Corporate Government Report

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Companies Act 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 will not normally deal with verbal or anonymous enquiries.

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 2025, the Company has made some amendments to its Articles of Association in order to (i) update and bring the Existing Articles in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect on 31 December 2023; and (ii) incorporate certain housekeeping amendments for better alignment with the Listing Rules and the applicable laws of the Cayman Islands. The second amended and restated Memorandum of Association and third amended and restated Articles of Association was adopted by a special resolution passed in the annual general meeting on 26 September 2024. A copy of the second amended and restated Memorandum of Association and third amended and restated 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 Articles of Association, please refer to the circular of the Company dated 22 August 2024.

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 2025.

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 18 to the consolidated financial statements.

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of comprehensive income on page 107 of this annual report.

DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2025 (2024: nil).

ANNUAL GENERAL MEETING

The 2025 AGM of the Company is scheduled to be held on Friday, 26 September 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 23 September 2025 to Friday, 26 September 2025 (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 2025 AGM, all transfer forms accompanied by relevant share certificates must be lodged or 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 Monday, 22 September 2025.

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.

Report of the Directors

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 2025 are set out on page 180 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 2025 are set out in Note 29 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 2025 are set out in the consolidated statement of changes in equity and Note 39 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 2025 are set out in Note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB418.9 million (as at 31 March 2024: approximately RMB462.4 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2025 are set out in Note 32 to the consolidated financial statements.

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 2025 are set out in Note 4.17 to the consolidated financial statements.

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.

Report of the Directors

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 2025 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 15 to the consolidated financial statements.

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 2025.

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 which is renewable automatically every 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).

Report of the Directors

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 2025 are set out in Note 15 to the consolidated financial statements. Mr. Guo Jinjun has voluntarily waived his director fee of RMB96,000 for the year ended 31 March 2025.

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 on 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 at 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 Shares 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 2024 and 31 March 2025, 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.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2025, 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 2025
2023 Yongmao Master Agreement	28 July 2023	(i) Purchase of tower cranes and related parts and components from Yongmao Group; and (ii) Rent of tower cranes and related parts and components from Yongmao Group	(i) Yongmao Group; and (ii) the Group	From 28 July 2023 to 31 March 2026	(i) For the year ended 31 March 2024 shall be RMB100 million; (ii) For the year ending 31 March 2025 shall be RMB100 million; and (iii) For the year ending 31 March 2026 shall be RMB100 million	RMB20.5 million

As at 31 March 2025, 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 also 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.

Report of the Directors

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 the circular published on 13 October 2023.

The related party transactions mentioned in Note 38 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 2025 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2025, 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 C3 to the Listing Rules on the Stock Exchange were as follows:

Report of the Directors

(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") <i>(Notes 1&2)</i>	Trustee	854,472,387 ordinary Shares	73.23%
Mr. Yau Kok San	Beneficial owner	4,957,135 ordinary Shares	0.42%
Mr. Lin Han-wei	Beneficial owner	6,344,137 ordinary Shares	0.54%

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

Name of Directors	Name of associated corporation	Capacity	Approximate percentage of interest
Mr. Ng <i>(Notes 1&2)</i>	Chwee Cheng & Sons Pte. Ltd. ("Chwee Cheng & Sons")	Trustee	38.33%
		Beneficial owner	11.02%

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 38.33% 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.
2. TH Investments Pte Ltd directly held approximately 0.08% of the issued capital of the Company, Chwee Cheng & Sons owns 100% of the shares of Tat Hong Investments Pte Ltd, which in turn owns 100% of the shares of TH Investments Pte Ltd. 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 38.33% of the shares of Chwee Cheng & Sons. By virtue of the SFO, each of Chwee Cheng & Sons, Tat Hong Investments Pte Ltd, 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 TH Investments Pte Ltd is interested.

Save as disclosed above, as at 31 March 2025, 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.

Report of the Directors

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 2025, 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 <i>(Note 1)</i>	Beneficial owner and interest in controlled corporations	853,532,387	73.15%
Tat Hong International <i>(Note 1)</i>	Interest in controlled corporations	853,532,387	73.15%
Tat Hong Holdings <i>(Note 1)</i>	Interest in controlled corporations	853,532,387	73.15%
THSC Investments <i>(Note 1)</i>	Interest in controlled corporations	853,532,387	73.15%
TH60 Investments <i>(Note 1)</i>	Interest in controlled corporations	853,532,387	73.15%
Chwee Cheng & Sons <i>(Notes 1&2)</i>	Interest in controlled corporations	854,472,387	73.23%
Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee <i>(Notes 1&2)</i>	Trustee	854,472,387	73.23%
PHILLIP CAPITAL (HK) LIMITED <i>(Note 3)</i>	Beneficial owner	64,738,000	5.55%
LIM Hua Min <i>(Note 3)</i>	Interest in controlled corporations	64,738,000	5.55%

Notes:

1. 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 38.33% 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.
2. TH Investments Pte Ltd directly held approximately 0.08% of the issued capital of the Company, Chwee Cheng & Sons owns 100% of the shares of Tat Hong Investments Pte Ltd, which in turn owns 100% of the shares of TH Investments Pte Ltd. Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee, as joint trustees of the Chwee Cheng Trust, owns approximately 38.33% of the shares of Chwee Cheng & Sons. By virtue of the SFO, each of Chwee Cheng & Sons, Tat Hong Investments Pte Ltd, 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 TH Investments Pte Ltd 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.

Report of the Directors

Save as disclosed above, as at 31 March 2025, 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 2025, 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 2025.

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 2025, 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 2025, the Group's largest customer and five largest customers accounted for 14% (2024: 15%) and 45% (2024: 48%) of the Group's total revenues respectively. During the year ended 31 March 2025, the Group's largest supplier and five largest suppliers accounted for 11% (2024: 15%) and 37% (2024: 41%) of the Group's total purchases respectively.

During the year ended 31 March 2025, 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 2025.

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 2025 or at any time during the year ended 31 March 2025.

Report of the Directors

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 2025, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CHARITABLE DONATION

During the year ended 31 March 2025, the Group has made a charitable donation amounted to approximately RMB48,600 (31 March 2024: RMB91,915).

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 C1 of the Listing Rules since the Listing Date to 31 March 2025 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 (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, 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 Deed of Non-Competition 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 2025 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 2025 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 2025. 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 2025 and up to the date of the Declaration.

Report of the Directors

DIRECTOR' INTEREST IN COMPETITIVE BUSINESS

During the year ended 31 March 2025 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 40 to the consolidated financial statements.

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 2025.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2025 have been audited by RSM Hong Kong, who will retire and, being eligible, offer themselves for re-appointment at the 2025 AGM of the Company. A resolution for re-appointment of RSM Hong Kong as the independent auditor of the Company will be proposed at the 2025 AGM.

On behalf of the Board

Mr. Ng San Tiong

Chairman

Hong Kong/the PRC

13 June 2025

Environmental, Social and Governance Report

ABOUT THE REPORT

This Environmental, Social and Governance Report (the **“ESG Report”**, or the **“Report”**) is the fifth ESG Report published by Tat Hong Equipment Service Co., Ltd. (the **“Company”**) and its subsidiaries (the **“Group”** or **“We”**). This ESG Report provides stakeholders with an overview of the Group’s vision, management and practices in relation to environmental and social sustainability. For details on the corporate governance of the Group, please refer to the “Corporate Governance Report” section of this annual report or visit the website of the Group.

Scope of the Report

This Report discloses the Group’s philosophy, policies and key performance indicators in the environmental, social and governance for the period from 1 May 2024 to 31 March 2025 (the **“Reporting Year”**, or the **“Reporting Period”**). The scope of this Report covers Tat Hong Equipment Service Co., Ltd. and its subsidiaries. Compared with the scope of the ESG Report of fiscal year 2024, it includes the environmental key performance indicators (KPIs) of Guangdong Tat Hong Machinery Construction Co., Ltd. and Tat Hong Equipment (Hong Kong) Limited.

Reporting Guide

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the **“ESG Reporting Guide”**) set out in Appendix C2 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 ESG Reporting Guide. This Report also adheres to the reporting principles of “materiality”, “quantification”, “balance” and “consistency”.

- **Materiality:** Key stakeholders and ESG topics of their concern were comprehensively identified, and disclosures on ESG matters based on the relative importance of these topics were made in this Report. This Report is prepared based on the results of the materiality assessment. For details on the materiality assessment work, please refer to the subsequent sections “Stakeholder Communication” and “Materiality Assessment”.
- **Quantification:** The environmental and social key performance disclosed in this Report can be measured and compared with the previous year’s KPIs, with changing data elaborated.
- **Balance:** This ESG Report objectively mirrors the Group’s ESG performance.
- **Consistency:** Unless otherwise specified, the statistical and disclosure methods used in this Report remain consistent with those of the previous year, allowing for reliable comparisons with the previous year’s data.

Data Description

The data used in this Report are derived from the Group’s internal statistical statements and corporate system documents. The Group provides reasonable assurance that this Report contains no false statements, misleading statement or material omission.

Publication Method

This ESG Report is published in Chinese and English on an annual basis. In the event of any discrepancy, the Chinese version shall prevail. This Report is also available for inspection at the website of the Group at www.tathongchina.com.

Contact Information

We highly value the opinions of our stakeholders. For any comments or suggestions regarding our ESG governance, please contact us via email. We look forward to your valuable input.

Email: ESG.enquiry@tathongchina.com

Environmental, Social and Governance Report

STATEMENT FROM THE BOARD

Oversight and Governance

The Board of Directors, serving as the highest supervisory and decision-making body of ESG of the Group, is responsible for supervising and managing ESG-related matters. It has established a three-tier ESG governance structure to advocate the Group's ESG principles, clarify management responsibilities and accountabilities at each level, and oversee the effective implementation of ESG strategies through a top-down approach.

The Board approves the corporate governance report annually, reviews reports issued by third parties on the Group's internal control and risk management work, monitors the implementation of the Group's relevant risk management policies at the company level, and continuously monitors the effectiveness of the Group's internal control system, to ensure that the Group's ESG risk management and internal control systems are effective, reasonable and controllable.

The top management of the Group regularly reports to the Board on its business operations and development plans on a quarterly basis, based on which the Board monitors and raises ESG-related issues that may affect the Group's business, employees, shareholders and other stakeholders. The Board has established an ESG Task Force and authorized it to collect and evaluate ESG environmental and social performance indicators on a regular basis, supervise and report on the implementation and performance of key ESG issues, and make recommendations against possible major ESG risks.

Management and Strategies

The Board integrates the sustainable development goal with the long-term business strategy planning, and integrates the ESG governance goal into the daily management system. The Board values the expectations and demands of various stakeholders, maintains active communication with all parties, and holistically considers the external macro-environment and the Group's strategic objectives. It assesses and identifies the Group's risks and opportunities in the aspect of environmental, social and governance, while identifying, sorting, prioritizing and managing material ESG issues. The Board also adjusts ESG management objectives in a timely manner, continuously enhances ESG performance, and promotes the Group's sustainable development at operational, environmental and social levels.

Progress and Review of ESG Objectives

The Board annually reviews the ESG Report issued by the Group, reviews and evaluates the completion of ESG targets, and compares the Group's data for the same period to ensure the sustainability of the completion of ESG targets. The Group also engaged an independent third-party auditor to independently verify the Group's internal control system and make relevant improvement suggestions to promote the achievement of ESG related objectives.

Qualitative Targets

Based on its business nature and sustainability development plan, the Group has established qualitative targets in environmental and social dimensions to provide clear direction for its ESG endeavors.

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Environmental qualitative targets:

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

Social qualitative targets:

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

Quantitative Targets

The Group has also set social quantitative targets in terms of employee training:

Taking the total training hours of employees in 2023 as the baseline year, the total training hours of employees will increase by 1% annually over the next three years. The specific target data are as follows:

Fiscal Year	Baseline Year		Target Year	
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Training Hours (hours)	139,780.00	141,177.80	142,575.60	143,973.40

During the Reporting Year, the total training hours of employees was 183,573.72 hours, achieving the training target for the fiscal year 2025.

The Group will continue to expand the coverage of quantitative targets. The ESG Task Force under the Board will continue to track and analyze historical ESG data and performance, and tailor environmental and social quantitative targets covering broader dimensions for the Group, based the Group's business development and strategic direction, comprehensively considering the international and domestic sustainable development targets, thereby further guiding the implementation and optimization of the Group's ESG matters. The Board will oversee and make decisions on the formulation and advancement of the objectives.

This Report provides details on the progress and effectiveness of the Group's ESG work in the fiscal year 2025 and was approved by the Board on 10 July 2025.

Looking ahead, the Board will continue to monitor and enhance the Group's environmental, social and governance performance. We will maintain close collaboration with various stakeholders to actively brave climate change-related challenges and strengthen the management of our business's environmental and social impact. We will continue to provide a sustainable foundation for building a green, safe and environmentally friendly value chain for the tower crane service industry with our profound technical knowledge and strength, thereby promoting the sustainable development of the industry.

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ABOUT THE GROUP

The Group mainly delivers one-stop tower crane solutions from consultancy, technical design, commissioning and construction to after-sales services for China's premium 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.

During the Reporting Year, the Group managed a total of 1,180 tower cranes, making our tower crane fleet the second largest in China's tower crane service market. Leveraging the resource advantages of its large-scale tower crane fleet, the Group focuses on large and medium-sized construction projects, and provides comprehensive tower crane services with a wide range of lifting capacities, flexibly responding to customers' specialized EPC project needs across China.

Guided by the core values of "Virtue (厚德), Safety (安全) and Excellence (卓越)", we have successfully established a market position in the Chinese construction industry and maintained a stable, reputable and loyal customer base. We are well known in the industry and have established a good reputation for our focus on workers' safety, service quality and technological strength. We continued to focus on the research and development of technical solutions for tower cranes, and actively engaged in establishing a standardized after-sales service ecosystem for tower cranes, being committed to providing excellent delivery services, as well as comprehensive and high-quality after-market services such as tower crane smart remanufacturing and tower crane maintenance.

Meanwhile, we widely apply integrated information systems to efficiently manage and conduct business operations. During the Reporting Period, we managed and conducted our business operations in a centralized and efficient manner through the implementation of self-developed integrated information systems. These systems were developed by our key management members and R&D teams and covered a wide range of day-to-day operational areas including project, procurement, insurance, administration and financial management. Our in-house developed equipment management and scheduling system enabled us to track the procurement cycle as well as the deployment and utilization of tower cranes and related components and other accessories. We controlled costs through an internally developed expense control system to achieve strict, comprehensive and reasonable cost control objectives, so as to ensure that the projects were on schedule. We tracked the status of insurance claims using our self-developed insurance management system.

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Business Philosophy



Virtue:

- Committed to continuously improve the quality of tower crane services;
- Provide diversified staff training methods and platforms to provide employees with a sustainable employment platform;
- Actively participate in social welfare activities to promote the common development of society;

Safety:

- Ensure the safety of project execution;
- Ensure the safety of surrounding environment of the project sites;
- Ensure the safety of site construction personnel;
- Ensuring the security of corporate and customer information and data;

Excellence:

- Provide the most cost-effective comprehensive services to meet customers' requirements and improve management efficiency through the implementation of various management systems;
- Focus on research and development of technologies to gain a leading edge in the industry;
- Vigorously promote energy conservation and emission reduction, and actively respond to the impact of climate change;

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Honors of the Group

During the Reporting Period, the Group received a number of awards and recognition from customers and government authorities, including:

Title of Honor	Award-winning Units	Issuing Body
Advanced Safety and Environmental Protection Team	Changjiang Nuclear Power Fu Runfa Tower Crane Team of China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.	Changjiang Nuclear Power Project Department of China Nuclear Power Engineering Co., Ltd. (中國核電工程有限公司)
Letter of Commendation	China Nuclear Huaxing Tat Hong Machinery	CCCC Fourth Harbour Engineering Co., Ltd. (中交第四航務工程局有限公司)
2023 Credible Enterprise	China Nuclear Huaxing Tat Hong Machinery	Shanghai Metal Structure Industry Association
2023-2024 Credible Enterprise	China Nuclear Huaxing Tat Hong Machinery	Shanghai Yizheng Chamber of Commerce/ Yizheng General Chamber of Commerce
2023-2024 Outstanding Enterprise	China Nuclear Huaxing Tat Hong Machinery	Shanghai Yizheng Chamber of Commerce/ Yizheng General Chamber of Commerce
2024 Core Equipment Sub-supplier	Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.	China Construction Third Engineering Bureau Group Beijing Co., Ltd. (中建三局集團北京有限公司)
Safety Management Model	Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.	Safety Management and Machinery Rental Service Section under China Safety Industry Association (中國安全產業協會安全管理與機械租賃服務分會)

SUSTAINABLE DEVELOPMENT MANAGEMENT

ESG Governance

The Group actively integrates the concept of sustainable development into its daily business operations and corporate culture, continuously enhancing its ESG governance capabilities. It has established a three-tier ESG governance structure featuring “the Board of Directors, the ESG Task Force, and the head of each functional department”, covering the Board, management and functional departments of the Group’s subsidiaries. Through the supervision and decision-making of the Board, the execution and coordination of the ESG Task Force, and the implementation and execution by various functional departments, a top-down ESG governance oversight is formed, along with bottom-up transmission of ESG-related information and feedback on ESG governance, ensuring the effectiveness of ESG governance.

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ESG STRUCTURE

Level	Role	Duties
The Board of Directors	Decision and supervision	Determine and deploy ESG major issues; Review and approve ESG annual development objectives; Monitor and review progress towards ESG objectives; Review the Group's ESG report; Identify and measure ESG risks and opportunities in business operations; Participate in advising and decision-making on climate change-related ESG issues.
ESG Task Force	Execution and coordination	Coordinate ESG daily management work; Organize and monitor the achievement of ESG objectives; Collect and evaluate the data of ESG KPIs; Report and advise on progress and results of ESG objectives; Promote and facilitate training in sustainable development and ESG; Strengthen ESG external communication.
Head of each functional department	Implementation	Cooperate and assist in the completion of ESG work; Assist in the collection and assessment of ESG KPIs; Assist in ESG data variance analysis; Review feedback and implement ESG improvement plans.

During the Reporting Period, the Group designated ESG work priorities, accurately divided ESG performance indicators by department, improved the ESG performance level of each department, increased the penetration of ESG concept in business operations, and made ESG work standardized, informationized and measurable. Meanwhile, the Group focused on improving the level of ESG reporting and accurately disclosing reliable ESG data to stakeholders.

Meanwhile, to align with the expectations and requirements of regulatory authorities, the Group closely monitors ESG policies and regulations, integrating relevant standards and requirements into its ESG governance system. During the Reporting Period, the ESG Task Force actively carried out forward-looking arrangements in response to the Environmental, Social and Governance Reporting Code (effective from 1 January 2025), streamlined the Group's ESG governance framework, formulated new regulatory response plans, and actively promoted the identification and inventory of Scope 3 greenhouse gas emissions, as well as further identifying the impact of climate change risks and streamlining specific measures to address climate change, with a view to smoothly achieving the transition to the new regulatory rules, with reference to the Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework.

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STAKEHOLDER COMMUNICATION

The Group fully addresses the concerns and expectations of its stakeholders by providing diverse, open and transparent communication channels. It actively engages in communication with stakeholders and responds to their feedback, aiming to foster mutual cooperation, jointly promote sustainable development, mitigate potential ESG risks, and incorporate stakeholder concerns into the Group's environmental, social and governance objectives.

Stakeholders	Communication Channels	Concerns and Expectations	Key Responses
Shareholders/ Investors	<ul style="list-style-type: none"> Interim reports and annual reports, announcements and circulars Investor meetings Shareholder meetings Official website, email or telephone communication 	<ul style="list-style-type: none"> Investment returns Strategic direction of the Company Information transparency Business integrity Compliance operation Enterprise risk management Truthfulness, timeliness and completeness of information disclosure 	<ul style="list-style-type: none"> Publication of interim and annual reports, announcements and circulars related to business decisions Organizing annual general meetings Releasing important business news on the Company's website and public account
Customers	<ul style="list-style-type: none"> Customer satisfaction survey Regular customer visits Online service platforms Official websites, emails, telephone communications 	<ul style="list-style-type: none"> Quality and diversified products and services Reliable and timely after-sales service Business privacy and information security 	<ul style="list-style-type: none"> Stringent procurement standards Ensuring fulfillment of contractual responsibilities Regular equipment testing, repair and maintenance Quick response to customers' requirements Permission setting of information systems Comprehensive customer management system Enhancing the after-sales service experience of users
Employees	<ul style="list-style-type: none"> Employee satisfaction surveys Employee performance self-assessment and appraisal Annual employee meetings Regular employee training Congress of workers and staff Employee Handbook 	<ul style="list-style-type: none"> Equal employment, compensation and benefits Labour rights, humanistic care Work environment health Occupational safety and health Career development Work-life balance 	<ul style="list-style-type: none"> 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 Promoting team building

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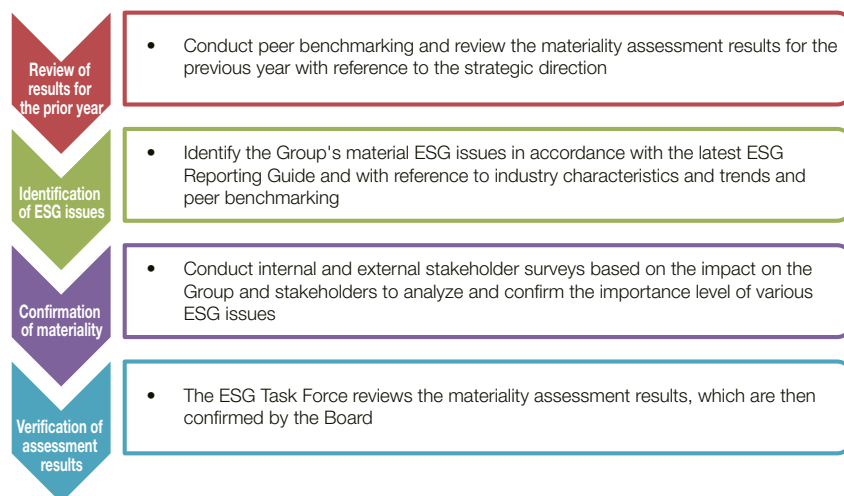
Stakeholders	Communication Channels	Concerns and Expectations	Key Responses
Suppliers	<ul style="list-style-type: none"> • Supplier management procedures • Supplier evaluation system • Supplier meetings • Supplier site visits 	<ul style="list-style-type: none"> • Transparent supply chain processes • Strict and sound procurement systems • Anti-corruption policies 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Compliance reporting • Timely response to public inquiries • Oversight and inspection by regulatory authorities • Participation in government agency seminars and forum exchange activities 	<ul style="list-style-type: none"> • Product quality and safety • Discharge of wastewater, waste and pollutants • Protection of intellectual property and patented technologies • Implementation of energy saving and emission reduction • Compliance with laws and regulations • Tackling climate change 	<ul style="list-style-type: none"> • 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 report
Community/ Public	<ul style="list-style-type: none"> • Public welfare activities • Volunteer activities • Community seminars/lectures/workshops 	<ul style="list-style-type: none"> • Public welfare investment • Harmony in the community 	<ul style="list-style-type: none"> • Opening social media accounts to strengthen the Group's communication and connection with the public • Participating in public welfare activities • Visits to vulnerable groups and providing support • Actively participating in union volunteer activities
Media	<ul style="list-style-type: none"> • Results release • Press conference • Group website • Interview with senior management 	<ul style="list-style-type: none"> • Commitments to corporate social responsibility 	<ul style="list-style-type: none"> • Media conferences in the form of teleconferences • Regular news releases on the Company's performance

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MATERIALITY ASSESSMENT

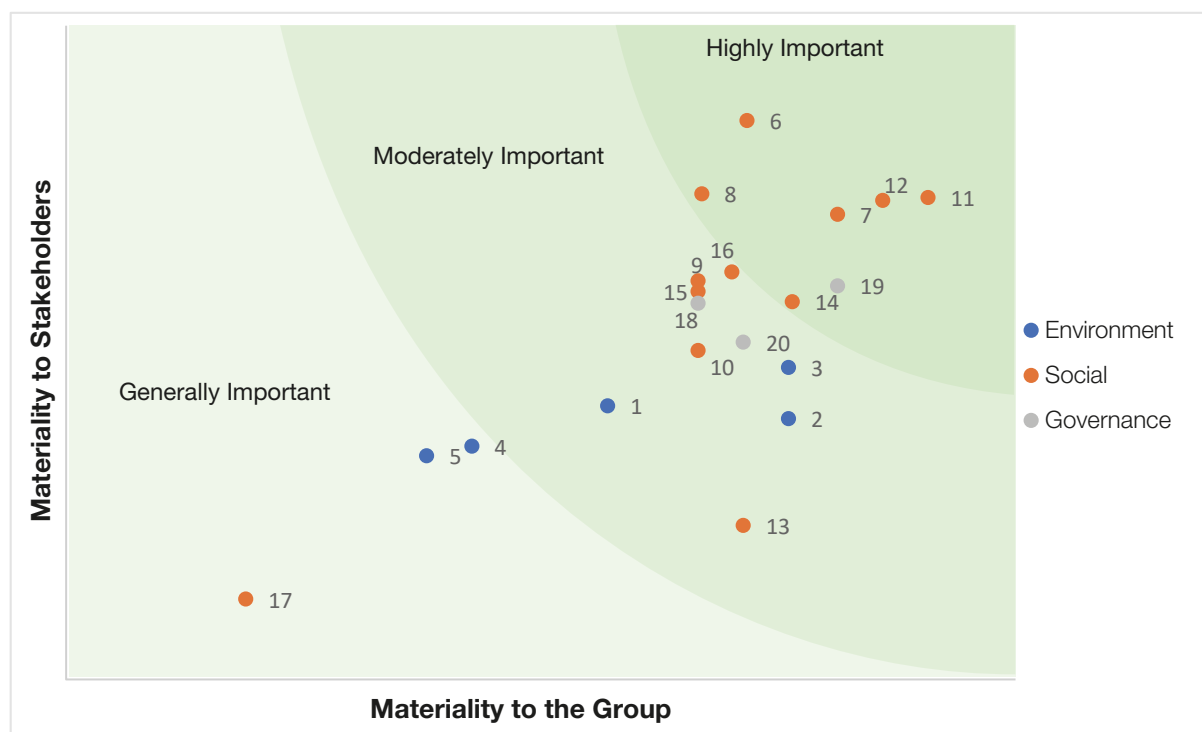
During the Reporting Period, the Group conducted an in-depth analysis of key ESG issues in accordance with the “materiality” principle of the ESG Reporting Guide, and with reference to industry characteristics and development trends, best practices of peer companies and material topics database of the Sustainability Accounting Standards Board (SASB). Through methods such as surveys, we gathered feedback from stakeholders including directors and senior management, shareholders and investors, customers, employees, suppliers and financial institutions. Based on this input, we revised the Group’s ESG focus areas to ensure our ESG initiatives concentrate on critical domains, promptly address stakeholder concerns, and effectively fulfill our responsibilities and commitments to all stakeholders.

Materiality Assessment Process:



During the Reporting Year, we identified a total of 20 material ESG issues, including 5 environmental issues, 12 social issues, and 3 governance issues. During the Reporting Period, we added four new topics, namely “R&D and Innovation”, “Greenhouse Gas Emissions”, “Sustainable Development Management”, and “Employee Diversity and Equality”. Additionally, we modified some existing issues to make their descriptions more precise and better aligned with the Group’s business development.

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Materiality Level	No. of issues	Name of issues	Category of issues
Highly Important	11	Quality and safety of product and service	Social
	12	Customer service and satisfaction	Social
	7	Occupational health and safety	Social
	6	Compliance in employment	Social
	19	Business ethics and anti-corruption	Governance
	14	Information security and privacy protection	Social
	8	Employee rights and benefits	Social
Moderately Important	16	R&D and innovation	Social
	3	Waste management	Environment
	20	Sustainable development management	Governance
	9	Employee training and development	Social
	2	Resource management	Environment
	15	Intellectual property protection	Social
	18	Compliance and risk management	Governance
	10	Employee diversity and equality	Social
	13	Responsible supply chain management	Social
	1	Energy management	Environment
Generally Important	4	Greenhouse gas emissions	Environment
	5	Response to climate change	Environment
	17	Community investment	Social

Environmental, Social and Governance Report

01 PRODUCT RESPONSIBILITY, CREATING QUALITY SERVICES

1.1 Excellent Quality Management

We always adhere to the core value of “excellence”, and are committed to providing customers with quality tower crane solutions and services.

We strictly comply with the Product Quality Law of the People’s Republic of China and other relevant laws and regulations. We have established a sound quality management system and internal institutional norms, covering quality management throughout the entire lifecycle of equipment and projects, with reference to GB/T19001-2016 Quality Management System Requirements and GB/T 50430-2017 Code for Quality Management of Engineering Construction Enterprises and other relevant requirements, as well as the actual situation of the Group.

As of the end of the Reporting Period, Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd. (江蘇眾建達豐機械工程有限公司), Guangdong Tat Hong Machinery Construction Co., Ltd. (廣東達豐機械工程有限公司) and China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核華興達豐機械工程有限公司), which are subsidiaries of the Group, have obtained GB/T 19001/ISO 9001 Quality Management System certification.

Quality Assurance System

To ensure the effective operation of the quality management system, each of the Group’s subsidiaries has established a clear quality management framework and a well-defined quality management responsibility system, covering the entire business operation process. Each subsidiary also sets quality objectives, implements quality assessments and relevant training, and regularly reviews the implementation of quality control to continuously improve the quality assurance system, ensuring that various quality assurance measures are precisely implemented and effectively executed.

Equipment Quality Management

The quality and safety reliability of our equipment are closely related to the quality of our services. Equipment applied by us mainly consists of tower cranes and related parts and components. Therefore, we have implemented strict quality control throughout the entire lifecycle of the equipment to ensure its quality and operational safety.

- **Equipment Purchase and Leasing**

In equipment procurement or before leasing, we conduct stringent selection reviews, applicability demonstrations, and commissioning and acceptance procedures for tower cranes to ensure that the equipment’s technical performance and quality meet the requirements of our customers and projects. For suppliers of tower crane related parts and accessories, we communicate with them in advance regarding the required customized specifications and implement strict acceptance procedures after the delivery of their products to ensure that the quality of the relevant parts and accessories meets our project requirements.

Furthermore, for tower crane suppliers, we conduct additional acceptance inspections on their factory certificates to verify that all tower cranes purchased from them have passed quality inspections and comply with relevant laws and regulations.

- **Equipment Repair and Maintenance**

We formulate maintenance plans, supervise the implementation of equipment maintenance and repairs, and oversee and control the quality of equipment repairs to ensure that the maintenance of crane equipment complies with national requirements, and that equipment put into project use consistently maintains good performance and operational stability.

When performing equipment maintenance, we have also formulated maintenance control procedures and various process requirements to strictly control maintenance techniques, implement reasonable maintenance plans, and set up relevant responsible persons and acceptance procedures to ensure maintenance quality. In case of outsourcing for maintenance, we also implement relevant procedures to strictly monitor the quality of outsourced maintenance.

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Project Quality Control

While ensuring equipment quality and safety, we always focus on our customers, implementing comprehensive quality control throughout project execution to meet the needs of customers and relevant parties, and striving to exceed their expectations.

- ***Equipment Supply Guarantee***

We always ensure that we prioritize reputable and qualified suppliers, and seek stable and timely equipment supply. While ensuring the quality of the supplied equipment, we also ensure the timeliness of supply, laying a solid foundation for the smooth commencement and advancement of projects.

In view of the long equipment production cycle characteristic of the tower crane industry, the Group continuously deepens its business dealings with qualified suppliers by establishing a long-term strategic cooperation mechanism, while strengthening dynamic monitoring of existing equipment in the market, to ensure agile response to project demands, rapid discovery and allocation of resources, and efficient supply.

Meanwhile, for tower crane parts and accessories, we usually maintain three qualified suppliers to ensure stable and timely supply response.

- ***Professional Technical Support***

We equip each project with an experienced professional team, actively communicating with customers and design units in the early stage of project implementation based on customers' needs, to formulate professional and customized project implementation plans; during the project execution, we implement professional installation optimization solutions and operational commissioning services.

- ***Management and Control of Tower Crane Installation and Dismantling***

We have formulated detailed quality and safety control procedures for the entire process of erection and dismantling of tower cranes to ensure compliant operations and guarantee the quality and safety of equipment installation.

We implement strict management of equipment operators, requiring them to comply with the "Equipment Operation Procedures" and strictly mandating pre-shift and handover inspections.

Before the equipment is fully installed and put into use, we strictly control the quality of equipment installation through a four-tier acceptance process, including self-inspection by operators, commissioning and inspection by commissioning personnel, acceptance by the safety department, and acceptance by outsourced third parties.

- ***Quality Management of Labour Subcontracting***

If a project involves labour subcontracting, we also strictly control the quality of project execution for labour subcontracting. Before engaging and selecting labour subcontractors, we obtain and review their necessary licenses and qualifications. During the project execution process, we appoint a project manager to supervise the project execution by labour subcontractors. Meanwhile, our management also regularly inspects the service works performed by labour subcontractors to ensure that the completed service works meet customers' requirements.

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- **Quality Monitoring of Service Process**

During the project service process, we implement service quality control in accordance with control requirements such as the Control Procedures for Equipment Leasing and Service Process.

Continuous Customer Communication: Our project teams communicate with our client teams on a daily or weekly basis (including in-person meetings at project sites) to report on our project progress, learn about project requirements and respond to customer queries on our works and/or services to ensure that all our works and/or services are carried out in accordance with customers' requirements.

Process Monitoring: Our project teams continuously monitor project execution through monitoring and measuring equipment. Meanwhile, we assign project managers to the project site to supervise and monitor the project execution, including progress, quality and craftsmanship, to ensure that project execution remains precise and professional at all times. In addition, we monitor the use and maintenance of construction equipment to ensure its process capability.

Inspection and Supervision: The relevant responsible departments regularly or irregularly inspect and supervise the implementation of projects, and assess and randomly check the service quality of on-site equipment operators, so as to ensure project quality, progress and construction safety. In addition, our management typically meets regularly to conduct collaborative discussions on project progress, technical problem-solving, and personnel management and deployment, so as to ensure the stable and efficient advancement of projects, the timely closed-loop resolution of issues, and the completion of engineering and services on quality and on schedule.

Digitalization-Driven Quality Enhancement

The Group further upgraded the quality of equipment and project services through digitalization, and built an intelligent "performance process" closed-loop management system based on its self-developed "iSmartCon" platform, which ensures production quality and performance quality.

In terms of dynamic asset management and rational deployment, we monitor the distribution, inventory and status of equipment and components, track equipment operation, usage and idle status, provide data support for intelligent scheduling of complete machines, accurately match demand and resources, reduce cross-regional deployment costs and environmental pollution, and significantly improve service response efficiency, through real-time data collection and intelligent analysis. During the Reporting Period, the "Operation Monitoring" module of the system was upgraded to incorporate on-site equipment maintenance into digital management and control, further ensuring the full implementation of on-site equipment maintenance plans and guaranteeing equipment operational reliability from the source.

In terms of the management and control of project performance, the system, as a digital management platform covering the entire project lifecycle, assist project implementers and managers in standardizing and controlling actual project operations. It also provides real-time updates on project frontline execution and performance to managers, enabling them to promptly identify potential issues and offer countermeasures and optimization plans, thereby enhancing construction quality and project performance capabilities, and effectively ensuring customer service quality. In addition, customers can also view the implementation information during the performance process through this system, intuitively experiencing Tat Hong Equipment's "Excellence" and "Safety".

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Customer Recognition and Commendation

The high quality of our services demonstrated during project implementation has been continuously recognized and commended by our customers. During the Reporting Period, we were awarded the title of “Class II Excellent Sub-supplier” by China Construction Science and Technology Co., Ltd. (中建科技有限公司) for the shantytown (urban village) renovation project in Yulin High-tech Industrial Development Zone; and the honorary title of “Excellent Team of 2024” for the San’ao Nuclear Power Project and the Lianjiang Nuclear Power Project. In addition, our employees have been awarded individual honorary titles for their excellent technical capabilities demonstrated in projects. In the Baiyun Airport Phase III Expansion Project under CCCC Fourth Harbour (中交四航局), two of our construction workers were selected as “Advanced Lifting Pacesetters” for their outstanding performance in lifting operations; in the San’ao Nuclear Power Project, our Construction Support Department staff were awarded as “Advanced Individuals in Safety and Quality Management”.

During the Reporting Period, the Group did not experience any product recall due to product quality or safety issues with purchased or leased products. Additionally, the percentage of leased or delivered products that required recall due to safety or quality reasons was zero. All subsidiaries achieved their quality objectives.

1.2 High-quality Customer Service

We adhere to the philosophy of “professionalism, diligence and integrity” in our services, taking meeting customers’ requirements as our core guideline. We actively listen to customers’ needs and expectations, providing customized, high-quality services to enhance their service experience and satisfaction. We attach great importance to the standardization and institutionalization of customer management, and have formulated systems such as the Customer-related Control Procedures, the Customer Complaint Management Control Procedures, the Satisfaction Management Control Procedures and the Customer Complaint Handling Operations. In daily operation and management activities, the Group strictly adheres to these systems to ensure the compliance, efficiency and effectiveness of customer management.

Customer Communication

We maintain close communication with our customers, actively listen to their feedback, understand and address their needs, and have established various communication channels such as telephone and email. Each subsidiary has established clear customer service and communication mechanisms and division of responsibilities to quickly respond to customer demands.

We have a 24-hour customer service center, where dedicated staff are responsible for communicating with customers, answering their inquiries, and receiving their complaints. In addition, we actively communicate with customers, conduct planned customer visits during project performance, and actively address their feedback.

Complaint Handling

We have established a clear customer complaint handling process, with explicit provisions for complaint reception, assignment, investigation and resolution, as well as supervision and follow-up visits, to ensure the timeliness and effectiveness of customer complaint handling.

For the products and services that customers complained about, the project manager will track the maintenance and implementation progress of tower cranes through the customer service center and the tower crane data management software “iSmartCon” developed by the Group, solve all problems identified, and coordinate resources to improve service efficiency and reduce the time for complaint resolution.

All customer inquiries and complaints are documented, including but not limited to the content of customer requests, handling departments, response times and causes for the matters, to facilitate inquiry and analysis by the entire Group, formulate corrective measures, and prevent similar incidents from recurring.

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During the Reporting Period, customer requests were responded to within 24 hours, with a response rate of 100%; the Group received a total of 23 complaints regarding products and services and all products or services involved in the complaints have been followed up and handled appropriately.

Customer Satisfaction Survey

Our customer service center regularly visits customers or conducts satisfaction surveys and complaint resolution follow-ups by calling customers, supervises the overall service process, regularly reports and provides feedback to superiors or relevant competent authorities, and assists departments to improve service measures when necessary to further improve customer satisfaction. We also arrange our specialized persons and officers with marketing functions from various departments to visit customers on a regular basis. We have developed a flow chart of customer visits and kept visit records, which are summarized by the staff of the Customer Service Center to form a written report. These efforts aim to eliminate the weaknesses in the service process to better serve customers and enhance customer satisfaction.

During the Reporting Period, all subsidiaries achieved their customer satisfaction targets, with an average customer satisfaction rate of 92%, representing an increase of 2% compared to the previous fiscal year.

1.3 R&D and Innovation

The Group deeply understands the critical significance of R&D and innovation in enhancing product and service quality and improving core competitiveness, and places them in an important position for strategic development. All subsidiaries of the Group have professional R&D personnel, and all employees are also encouraged to participate in innovation and R&D work. With the goal of continuously improving excellent delivery and safe and efficient operations, we have continuously invested in R&D efforts in enhancing construction safety and efficiency, equipment safety performance, and efficient management and operations, and have achieved abundant results of R&D.

Innovation and R&D System

We have established an innovative research and development organizational structure where the headquarters is responsible for overall planning and supervision, and each subsidiary is responsible for promotion and implementation. Each subsidiary has established a clear R&D management structure, clarifying the positioning and functions of innovation entities at each level, and promoting R&D innovation work in a hierarchical manner. We have formulated systems such as the Procedures for Technology R&D Management Control to systematically guide the management and implementation of innovative R&D work.

Empowering Business Development

We leverage innovative R&D achievements to drive a wave of innovation within the industry, providing strong impetus for business development and operational management.

We focus on improving tower crane technology and developing technical solutions, with the core objective of enhancing product and service quality. We conduct in-depth research and development in the fields of smart tower cranes, intelligent remanufacturing of tower cranes, and safety innovation, aiming to enhance the quality and performance of tower crane equipment, capabilities in intelligent project execution and management, as well as construction safety and efficiency.

During the Reporting Year, we have achieved another technological breakthrough in the field of intelligent remanufacturing of tower cranes and successfully applied for a patent. The research and development results can significantly improve the production efficiency of tower crane remanufacturing, and can reduce manufacturing and processing waste through resource recycling and utilization.

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In addition, we actively research and develop and continuously optimize various digital systems within the Group, which are applied to the Group's operation and management and the full process control of projects. Except for the financial management system, most of the digital systems adopted by us are assets independently developed by the Group. During the Reporting Period, we focused on optimizing "iSmartCon", upgrading the material management, equipment operation monitoring, frontline personnel attendance, knowledge base and training modules, further improving project management efficiency.

Cultivation and Incentivisation of Innovative Talents

We focus on cultivating R&D innovation talents and have formulated relevant R&D innovation talent development plans. The plan aims to cultivate core technical capabilities and corporate qualifications, formulating corresponding training courses and cultivation mechanisms. It has progressively implemented measures such as the construction of relevant practical training platforms and assessment mechanisms, laying a solid foundation for the development of R&D innovation talents.

In addition to cultivating professional R&D personnel, we also encourage all employees to engage in technology research and development and innovation. We have formulated relevant individual performance implementation measures for technology R&D, and through bonus incentives, fully mobilize the innovation enthusiasm of all employees and encourage the output of innovative achievements.

Furthermore, we usually honor teams and employees who have made outstanding contributions to innovation and R&D at the management meeting at the end of each fiscal year, further incentivizing employees to engage in R&D innovation.

Industry Collaboration

We also seek cooperation with external institutions to further enhance our research and development and innovation capabilities. We have collaborated with universities and research institutions to promote win-win cooperation in the research and development of tower crane technology.

Case: "Contract of Cooperation, Path to Win-Win" – Signing Ceremony of Industrialization Collaboration

In September 2024, Tat Hong Equipment Service Co., Ltd. and China Construction Advanced Technology Research Institute (中國建築先進技術研究院) held an industrialization cooperation signing ceremony in Wuhan. The cooperation leveraged the talent, technology and resource advantages of both parties in their respective fields to promote the optimization and upgrading of engineering equipment research and development, manufacturing and application technologies, in order to jointly develop and promote new technologies, new applications and new business models, achieving win-win cooperation and common development.



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1.4 Intellectual Property Protection

The Group highly values intellectual property protection and strictly complies with laws and regulations such as the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Regulations on Computer Software Protection, and the Measures for the Registration of Computer Software Copyright. It has formulated systems such as the Intellectual Property Control Procedures and the Intellectual Property Protection and Management System, committing to properly protect its own intellectual property while not infringing upon the achievements of others, thereby reducing infringement risks.

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

Internal Intellectual Property Protection

We uphold a high sense of responsibility and foresight, actively carrying out patent, copyright and trademark licensing applications to ensure that every technological innovation is fully protected and to safeguard the corporate's brand. We also closely monitor the expiration status of intellectual property rights, regularly assess their validity and continuously supervise them.

We have established different control procedures for different categories of intellectual property rights to standardize the implementation of intellectual property management. The Group requires all employees to sign confidentiality agreements, under which they are obliged to maintain confidentiality during or after their employment in accordance with laws and contractual provisions. In cooperative projects, we also clarify the ownership of intellectual property rights by signing contracts. Meanwhile, we clearly stipulate that employees are strictly prohibited from disclosing content involving the corporate's core technical secrets in any form before patent and software registration.

In addition, for proprietary data related to our business, such as data on pricing, procurement of parts and components and construction methods, we protect our intellectual property rights by combining the use of patents, trademarks, copyrights, domain names and contractual rights. If necessary, we strengthen the protection of our intellectual property rights and proprietary information by taking legal action.

As of the end of the Reporting Period, the Group has owned a total of 187 registered patents for utility models and inventions related to tower cranes and 23 software copyrights.

Intellectual Property Management of External Cooperation

We also implement measures to strictly control our business activities to avoid infringing third parties' intellectual property rights. We have added intellectual property clauses to all external contracts, requiring that if others' patents or technologies are to be used in a project, the cooperating party must provide legitimate authorization documents. For suppliers and subcontractors, we conduct intellectual property qualification reviews and require them to undertake that the equipment or technology provided does not involve infringement.

In addition, we implement an infringement early warning mechanism and regularly monitor industry patent dynamics. By tracking newly applied patents in the same industry through patent databases, we analyze patents of others that may involve our business to assess the infringement risk of our business and take timely measures to prevent infringement.

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Intellectual Property Protection Training

We attach great importance to enhancing employees' awareness of intellectual property protection, actively conducting intellectual property training, and improving employees' ability to protect intellectual property. We incorporate intellectual property compliance courses into new employee training, conduct customized intellectual property specialized training annually, and establish an assessment mechanism to ensure employees truly master intellectual property-related knowledge and can strictly implement intellectual property compliance management in their daily work.

1.5 Data Privacy and Information Security

The Group attaches great importance to protecting the privacy of customer data and maintaining the security of information within the Group. We strictly comply 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.

We actively take measures to prevent customer data and internal company information from being transmitted, deleted, or used for other purposes without authorization or in the event of an accident.

In order to protect customers' information and privacy, the Group has formulated and implemented the Information Control Procedures to manage customers' information security, and relevant personnel are required to sign confidentiality agreements to ensure that they are aware of the legally binding confidentiality provisions, and that strict disciplinary actions would be taken in the event of a breach. Employees shall obtain customer information only after approval and with sufficient reasons, and shall not extract, copy, transmit and release customer data without authorization. In addition, our relevant departments regularly and continuously monitored and tested privacy risks to implement appropriate mitigation measures.

We strictly implement the IT Management Cycle issued internally to standardize the management of information systems and protect the security of the Group's computer systems and prevent data leakage. We also assigned professional technicians to manage the Group's network security to prevent the leakage of customer privacy data. We took firewall protection, anti-virus software, regular data backup, system license access and other ways to ensure the security of the Group's data. In the employee handbook, we also clearly require that employees are not allowed to copy their contents or disclose their data to other colleagues or customers without authorization when using any software of the Group.

In daily work, we regularly send reminder emails to employees regarding the maintenance of network data security, and organize multiple information security training sessions for all employees annually to cultivate their awareness of protecting customer privacy and maintaining personal information security.

During the Reporting Period, the Group had no instances of non-compliance relating to data privacy and information security.

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02 LIFE FIRST, BUILDING A SAFE ENVIRONMENT

2.1 Work Safety

The Group strictly complied with the Work Safety Law of the People's Republic of China, the Administrative Regulations on the Work Safety of Construction Projects, the Regulations on Work Safety Permits, the Special Equipment Safety Law of the People's Republic of China, the Regulations on Safety Supervision of Special Equipment, the Regulations on Safety Supervision and Management of Construction Hoisting Machinery and other laws and regulations, practised the safety guidelines of "Safety First, Prevention Focused, Comprehensive Governance", established a sound safety management system, and strictly performed comprehensive production safety control and management procedures, to fully ensure the health and safety of workers on the construction sites, production or maintenance sites or other workplaces.

Safety Management System

- ***Work Safety Management Structure***

We set up a good safety management structure, to carry out safety responsibility system and perform production safety from top to bottom.

- The Group has a Chief Safety Officer at its headquarters who coordinates and manages its overall production safety.
- Each subsidiary had its own safety management structure, where production safety committee or production safety leading team became the supreme managing body of production safety, to fully manage the subsidiary's production safety management, prepare, adjust and decide its safety policies, systems, strategic guidelines and safety management plans, and supervise its implementation of production safety, continuously improving the quality of production safety management.
- All functions of a subsidiary under the leadership of its production safety committee/production safety leading team performed their duties and carried out production safety works.

- ***Safety Responsibility System***

Each subsidiary developed clear safety objectives and indicators, broke down and itemized them. Every year, the itemized objectives and indicators would be distributed to all functions of the subsidiary in the form of Responsibility Letter of Safety Objectives, with corresponding examinations and reviews, to ensure the implementation.

Safety Standardization

We actively promote the standardization of production safety, continuously improve and effectively carry out safety standardization system. We have developed various safety management systems and operating directions, to guide the standardized implementation of various operations, including construction processes (equipment installation and dismantling), the use of leased equipment, equipment storage and transportation, and maintenance and processing operations, so as to effectively ensure the implementation of work safety.

Our subsidiary Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. was listed as one of the "Eighth Batch of Level-3 Work Safety Standardization Compliant Enterprises of Yangzhou City in 2023" by Yangzhou Emergency Management Bureau.

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Safety Risk Prevention

Risk prevention is also important for promoting production safety. We eliminated or minimized the occurrence of safety accidents by following 3 steps:

- **Risk source management:** We developed the Risk Source and Material Risk Source Management System, and the Procedures for Risk Source Identification, Risk Assessment and Risk Control, to effectively carry out risk source identification on project site, repair shop, warehouse and other operating sites, and developed relating risk source control measures based on risk assessment, to effectively prevent risks.
- **Hidden trouble shooting and governance:** We carried out ordinary, regular, irregular and professional safety checks, evaluated, rated and documented any safety risk identified, and required timely rectification at a rate of 100%, to effectively minimize the occurrence of safety risk from source. In addition, in holiday or other critical moments, before festival or after festival, we carried out safety check, to ensure the continuity and safety of production and operation.
- **Emergency management:** We set up an emergency management system, clarified our emergency management duties and working process, developed detailed emergency plans for various operating risks, and carried out emergency response drills regularly, for efficient and standard emergency rescue in production, maintenance, construction and other operating process.

Safety Assurance for Project Implementation

During the implementation of the projects, we have put in place risk prevention measures and carried out construction works in accordance with standardized procedures. In addition, we further ensured the security of project implementation in terms of staff competence, safety inspection, and safety handover.

The competence of project technicians, constructors and operators laid the foundation of production safety. We ensured that all workers were capable, and we took spot check on their competence twice a year, to verify their operating capability continuously and eliminate safety risk due to incompetence.

Meanwhile, in the course of project implementation, we carried out regular, irregular safety inspection, to further ensure project site safety.

Additionally, we paid great attention to information transparency and operating continuity during project performance, and required technical handover before daily mobilization in respect of construction safety, to increase the safety awareness of next shift and prevent safety problem arising from untimely information or misinformation.

Safety Awareness Improvement and Capability Building

We paid high attention to safety culture building, and carried out various safety training programs and initiatives, to improve staff's awareness of safety and capability of production safety.

- **Safety training**
We developed job-specific Safety Education and Training Program in details and internal training materials every year, covering safety laws and regulations, business risk prevention, work safety and other knowledge and skills.

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- For workers at different levels or posts, we required the training hours, and intensified their mastering of safety knowledge and skills through exams. For workers who failed the exams, we required their reeducation and retraining, and only successful workers could retake job.
- For special workers, apart from general safety education, we additionally required job-specific safety technical education, and only those who passed exams could take job.
- **Emergency drills**
Every year, we held a number of emergency drills, to immerse employees in field experience and emergency response procedures, and train their capabilities of emergency response and self rescue.
- **Safety initiatives**
We held various safety activities in our daily work, for example, when implementing our project, we paid visit to model project, where we visited the site of standard operation and learned from good experience and methods, and then applied them into our practice.

Case: “Promoting Excellence Through Observation” – Tower Crane Installation Demonstration at G60 Sci-Tech Innovation Corridor Project

In August 2024, China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. organized the STL420A-25t tower crane on-site observation at G60 Sci-Tech Innovation Corridor Phase 2 Rooftop Project. During the tower crane mounting process, professional mounting team performed the operating procedures strictly, from base setting, frame mounting to standard section hoisting, perfecting every step. Mounters, safety officers, technicians and other workers performed their duties respectively, while supervisors monitored the site seamlessly, to ensure every step met the safety standards. This visit to tower crane mounting was not only a technical display and exchange, but also a publicity and mobilization of safety management.

Case: “Work Safety Month” Campaign

In June 2024, the Group actively responded to the 23rd “Work Safety Month” campaign across the country, and held a series of work safety activities in various forms and rich contents throughout the Group under the theme “Safety for All, Emergency Readiness for Everyone – Keeping Escape Routes Clear”.

All subsidiaries responded actively, held safety knowledge matches, to promote staff’s learning safety laws, regulations and operating standards; held safety checks, organized expert teams to take overall safety checks on key projects and critical processes, timely identify and eliminate hidden dangers and realize risk control in closed loop; held safety training programs, inviting industrial experts to give online/offline safety lessons, lecturing on the latest work safety laws, regulations and operating procedures, to reinforce staff’s safety skills; organized safety culture publicity week, generalized safety knowledge by means of fun events, safety drills and others, created a thick atmosphere of work safety; held safety experience exchanges, and erected internal communication platform, to promote safety management experience sharing between external corporations and group companies, as well as mutual study and progress.

“Work Safety Month” campaign not only increased entire staff’s safety knowledge level, but also displayed the Group’s corporate social responsibility, infusing long-lasting determination in work safety.

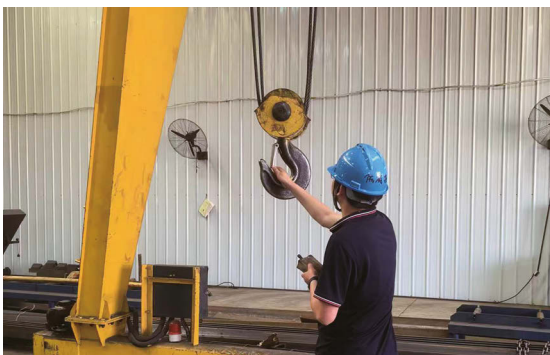
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Tower crane installation demonstration



Emergency drill



Safety check



Safety knowledge training

Work Safety Informationized Management

Hoisting equipment leasing as a typical heavy-asset industry was in face of sparse regions, huge workforce and other management challenges, increasing the difficulty in work safety control significantly. The Group on back of “iSmartCon” digital management system independently developed by ourselves, constructed intelligent work safety management system, effectively solved industrial problems and both improved management efficiency and safety level.

“iSmartCon” system integrates work safety full process information through data integration and visualization technologies, and builds a real-time dynamic safety management platform. The system fully monitors project site workers, equipment, operating process and other critical elements, so that manager has a quick catch on safety dynamics from visualized interface, quickly identifies and removes potential risks. During the Reporting Period, the system mainly optimized front line staff attendance functions and verified the front line actual operators’ identity, to ensure staff-post matching and qualification. This function effectively eliminated safety risks due to insufficient workforce and disqualification, thus solidifying work safety defense line from the source.

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2.2 Occupational Health

This Group also attached great importance to the occupational health of employees, and strictly complied with the Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China and other relevant laws and regulations, established occupational health management system and implemented a series of measures, to make effective control, surveillance on and response to potential occupational health problems, practically safeguard the health of employees and undertook responsibilities for both staff and production safety.

We developed the Management Programs for Environmental and Occupational Health Safety, the Control Procedures for Occupational Health Safety Performance Monitoring and Measuring, the Occupational Health Management System, the Labour Protection Supplies Management System among other internal occupational health rules and operating procedures, to provide institutional and operational security to workers in production and operation, leasing service process, maintenance and processing service process. We also regularly reviewed legal compliance and performance, to ensure the conformity and validity of occupational health safety management system continuously.

We carried out essential environmental factors identification and risk source monitoring and recognition during ordinary business process, and regularly appointed a professional health agency to test and evaluate occupational disease risks, and based on the results of identification and assessment, optimized the occupational risk control procedures and developed countermeasures.

In occupational disease prevention and control, we planned custom staff physical examination plans specific to job, and arranged regular physical examinations for employees, for example, we made regular occupational disease examinations on de-dusting or oil paint operators. We set up "Staff Health Archives" for entire employees, to have a timely, accurate understanding of staff health status; in case of occupational health event, we could take active and responsible responses, and analyze the event to make corrective or preventive measures on demand. Additionally, we distributed professional labour protection supplies to workers, to effectively minimize their contact with risk sources of occupational disease during work process.

In our daily work, we informed our employees of the occupational disease risks and protective measures at workplace through training or alerting, etc. We also ensured that our employees are aware of the preventive, control and countermeasures through pre-job and on-job training or alike.

As of the end of Reporting Period, our subsidiaries, Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd., Guangdong Tat Hong Machinery Construction Co., Ltd., and China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. obtained the certification of GB/T45001/ISO45001: Occupational health and safety management systems.

The Group had no work-related fatalities in the past three years including the Reporting Period, with a work-related mortality rate of 0.0%. During the Reporting Period, the number of workdays lost due to work-related injuries was 193 days. The Group placed high priority on addressing employee injuries. All injured persons received immediate medical attention following the incidents and have since fully recovered. Besides, we implemented specialized training programs for all employees, including safe operation procedures and hazard identification, to enhance workplace safety through both operational standardization and risk prevention. These measures effectively prevented recurrence of similar incidents while significantly strengthening overall safety awareness among staff. In the event of a safety incident, we will truthfully record and report the hidden danger, the investigation, as well as the corresponding results and rectification measures.

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03 PEOPLE-ORIENTED CULTURE, ENHANCING WORKPLACE HAPPINESS

The Group treats staff as treasures, offers multicultural and equal employment policies, rich career growth chances, warm welfare and activities for employees, increases staff's sense of happiness, and realizes the unity of corporate development and personal value pursuit.

3.1 Safeguarding Employee Rights and Benefits

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 Employment Promotion Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Regulations on Management of Housing Provident Fund, and other relevant laws and regulations, develops and implements Employee Handbook, Payroll Cycle and other systems, to protect job environment compliance and full protect employees' legitimate rights and benefits.

Recruitment and Employment

The Group is committed to building a high quality work team, selecting high quality talents through employee referrals, online recruitment, campus recruitment and other channels. We develop recruitment plans on actual demands, and develop clear recruitment process, manage and carry out staff recruitment, and ensure the compliance and efficiency of employment process. During recruitment process, the Group insists on justice, fairness and competitive selection, fully considers employee's culture, experience, profession, quality and other backgrounds in recruitment, and actively promotes the diversification of employees team.

We strictly perform the signing, alteration, discharge or termination clauses under the Labour Contract. We perform the Labour Contract according to national laws, regulations and internal rules. The employment relationship becomes effective after the labour contract is signed by both parties willingly, and may not be discharged by any unjust or unfair reason.

The Group adopted following measures to ensure employee' basic rights and benefits:

Employees' rights and benefits	Security measures
Fight against forced labour	<ul style="list-style-type: none"> The Labour Contract shall specify the post, working hours, remuneration, vacation and other related issues, prohibit forced labour, like confiscation of identity card or other materials; For departing employees, the Group imposes no special restrictions on their employment freedom; Overtime work is not encouraged. If overtime work is required, employee shall apply firstly, and the Group will offer leave in lieu for those who have worked overtime.
Female employees' rights and benefits	<ul style="list-style-type: none"> The Group has set up a trade union committee and appointed female employee representatives to deeply understand and protect the demands and rights of female employees; The Group ensures that female employees enjoy due employee benefits during pregnancy, childbirth and lactation; The Group ensures gender equality in employment, actively provides equal employment promotion opportunities for female employees, and pays attention to the cultivation and development of female employees' leadership.

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Employees' rights and benefits	Security measures
Working hours and vacation	<ul style="list-style-type: none"> The Group strictly follows the national laws and regulations on labour, stipulates the standard working hours and the holiday benefit system. Apart from statutory holidays and public vacation, the Group offers annual leave, sick leave, personal leave, compensatory leave, marriage leave, bereavement leave, maternity leave, and other leaves; The Group strictly implements the working hours for specific technical positions, and strictly performs working hours, to prevent fatigue.
Employees' privacy protection	<ul style="list-style-type: none"> The Group strengthens the confidentiality of personal information and remuneration of employees, and conducts regular information security training for employees to enhance their awareness of self-information protection; The Group also strengthens information security and authorization management, and strictly protects the privacy of employees.
Other basic rights and benefits	<ul style="list-style-type: none"> The Group lawfully contributes to employees' social insurance fund, medical insurance fund, injury insurance fund, pension fund, and housing provident fund; Each subsidiary sets up a trade union committee, to maintain workers' legal rights and benefits, and promote the harmony and stability of labour relationship.

Labour Standards

The Group strictly abides by the Labour Contract Law of PRC, the Law of the PRC on the Protection of Minors, and resolutely prohibits the employment of child labour or forced labour. The Group checks newly hired employees and conducts due diligence when necessary to ensure that child labour is not recruited in order to avoid child labour. If any child labour 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 Labour Union to supervise and protect the rights and benefits of employees. The Group strictly implements the system of rest on statutory holidays under Employee Handbook and Payroll Cycle systems, and protects the lawful rights and benefits of female employees during pregnancy, childbirth and lactation without forced labour in order to prevent forced labour. In case of forced labour, the employees can report such matter to the Labour Union. The Labour Union has the right to negotiate and make reasonable proposals on behalf of the employees and the Group.

During the Reporting Period, the Group did not have any incidents of child labour or forced labour.

Diversity and Equality

The Group insists on diversity principle. In recruitment, we resolutely prohibits any discrimination against applicant's gender, age, race, skin color, religion, nationality, disability, retirement, sex preference and other factors. We actively recruit employees from different backgrounds, respect individuality and cultural diversity.

The Group also performs directorship diversity policy. We believe that the composition of directors should embody different industrial, educational and cultural backgrounds, and to maintain the Group diversification is an important measure for us to promote sustainable development.

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Remuneration and Promotion

The Group performs transparent, fair salary policies and clear salary structure. We determine an employee's salary level and personal bonus based on corporate revenue, employee's work performance, labour market, employee's personal skills and qualities, and provide competitive salary level. Some high quality talents' salary is linked to corporate business objectives and team objectives, and we try to attract and retain excellent talents by such performance examination method. We have set up an internal long service incentive program, to encourage workers who have served and contributed to the Group for consecutive years.

Meanwhile, we provided clear career development and promotion path for employees, developed open transparent promotion system and assessment rules, and regularly organized work performance examination and talent promotion assessment. Employees can have a clear knowledge of promotion assessment requirements, and their promotion depends on employee self-assessment and superior level assessment.

3.2 Promoting Employee Well-being

Apart from salary, benefit and annual leave, sick leave and other basic benefits, we constantly improve staff benefits, for example, we distributed holiday gifts and subsidies, arranged yearly physical examination for employees, and provided traffic and housing subsidies to employees, showing our genuine care for employees in daily operations. In addition, we actively held recreational events, team building, annual ceremony and other multicultural staff events, so that employees could enjoy family warmth besides work, relieved work pressure and improved their sense of happiness and cohesion.

Case: Summer care in high temperature

We paid high attention to anti-heat and temperature reduction effects, and took care of front line employees' physical and mental health. During the Reporting Year, we conducted a number of summer care events. Company leaders visited front line project site, and brought anti-heat and cooling supplies, made exchanges, actively listened to staff's voice, and gave staff cares and cools to workers in summer days.

Project team also designated anti-heat and cooling measures, rationally arranged front line workers' rest time, distributed anti-heat medicines, focused on canteen hygiene and disease control, and created a healthy summer working environment, thereby protecting the health of employees.

Case: Staff activities

We promote confident, sunny and vigorous corporate atmosphere, and encourage employees for healthful lifestyle. During the Reporting Year, we organized various physical, sport team events, like climbing, basketball games. Such events not only increased staff physical health, but also enhanced staff communication and cohesion.



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3.3 Empowering Employee Development

The Group pays high attention to talents training, and is committed to increasing staff competitiveness and driving forward staff career development in a healthy and long term. We builds a full training system at the diverse requirements for staff development, to empower staff growth.

Every year, we develop training plans, and perform training according plans. There are two kinds of training: general training, professional training. Additionally, we will conduct systematic newbie training each year.

- General training covers corporate system and process training, business ethics training, information security training, work basic skills training, industrial commonsense training and other standard training programs, to improve staff's basic skills and qualities at workplace. In addition, every year we provide various safety commonsense training, health education training, remind staff to take care of their health besides work, and implement corporate "safety" core value.
- Professional training is customized to functions, posts and staff levels, to improve staff's critical professional skills for career growth. We pay great attention to real mastering of professional skills. During the Reporting Year, we increased the operability of professional training, so that employees could better learn professional skills and increase their job competence.
- We offer new employees with series training, covering 3-level safety education, corporate rules training and on-job training, to help new employees quickly embrace our corporate culture and job requirements, enabling rapid integration into the team.

We encourage employees to act as lecturers of training, who can teach instead of exercise and deliver experience; meanwhile, we invite external experts to train our employees, that is, take in external experience and skills.

Apart from in-group training, we encourage employees to take part in external training courses or seminars, to improve themselves, while we will subsidize or reimburse the approved lessons.

Case: New employee training

During the Reporting Year, all subsidiaries of the Group carried out newbie training sessions, where apart from routine systematic training content, we included newbie drills and project site learning events, to intensify the effects by combining theory and practice.

Case: Tower crane safety training

In November 2024, certain subsidiaries of the Group invited senior experts in the field of tower crane safety to give an in-depth training on tower crane mounting/dismounting regulations for key workers. At the seminar, we exchanged ideas, which not only deepened our understanding of regulations, but also further enhanced our awareness of safety and sense of responsibility and thus improved our compliance and operability in actual operation.



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Moreover, we paid attention to internal experience exchange and sharing. We regularly arranged cross-departmental experience sharing, to strengthen the understanding between departments, and expand workers' visions. For special posts, we encouraged "tutor" model, to pass down the experience and skills.

Case: "Tutor" model

"Tutoring" is an important method for accelerating the training on special talents. During the Reporting Year, our subsidiaries conducted a number of "tutoring" ceremonies, and paired a number of tutors and trainees within the companies. By tutor-trainee pairing, technical cadres could play the leading and demonstrative role, new workers could grow up in expertise, and this could infuse vitality and momentum to corporate development in the long run.



To ensure workers' mastering of necessary expertise, we examined some professional training. In addition, we set up evaluation and feedback mechanism to continuously optimize training content and manner.

- Training effect evaluation: By exam, operation and other means, we fully evaluated the results of training, to ensure the quality and effect of training.
- Staff feedback survey: After training, we invited trainees to fill out training feedback, to reflect and comment on the training effects.

04 INTEGRITY AND COMPLIANCE, PRACTICING RESPONSIBLE GOVERNANCE

4.1 Risk Management

Risk control is critical to stable operation and long-term value creation. The Group continuously strengthens internal risk control system, develops Tat Hong Risk Management System and related policies, to specify risk management objectives, risk identification, risk assessment, risk control and monitoring, make systematic control over external risks, increase corporate risk prevention capability, solve operating risks, and drive high quality stable development of group companies.

The Group has set up a clear risk management structure. The Board's Audit Committee supervises the risk management across the Group, to ensure effective risk management and internal control framework. The Group's Audit Department manages and performs risk management policies, supervises and checks subsidiaries' risk management performance. Each subsidiary also sets up risk management structure and establishes relating systems, to identify, assess and manage potential risks in the ordinary operation of all functional departments. Audit Committee and Audit Department will regularly report to the Board the results of audit and review on risk management process, and suggest improvement.

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We invite external experts every year to audit each subsidiary's sales and receivables, procurement and payables, production and inventory, safety management, research and development, among other internal controls, identify risks and design rectification plan, and require 100% remedy to any defect found in the internal control; meanwhile, the audit department of each subsidiary will make internal audit within the company, itemize the risks in control level, and ensure the compliance and stability of business operation.

4.2 Business Ethics and Anti-corruption

The Group is committed to highest standard of ethics, maintaining just and fair corporate culture, and zero tolerance to corruption. The Group strictly complies with the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC, the Supervision Law of the PRC, the Interim Provisions on Banning Commercial Bribery, and other laws and regulations, and develops the Tat Hong China Anti-corruption System, Anti-corruption Policy and other internal rules and statutes, to practise anti-corruption.

Anti-corruption Management Mechanism

The Group prohibits staff, management and directors from utilizing their positions to benefit clients, suppliers or other persons; and prohibits any bribery, extortion, fraud, money laundering and other illegal acts.

We provides ethical standards and directions in Employee Handbook, and stress on the punishment to be exerted on corruption. In event of corruption, severe case shall be reported to the Board, while the Board will review the Group's anti-corruption policy every year, to ensure its effectiveness. We regularly publish dynamics and announcements about our business, to ensure our partners, suppliers, customers, workers and other stakeholders are timely informed; and by intensifying work transparency, we eliminate integrity risk due to information asymmetry from the source. In addition, we perform strict internal information control, make classified confidence control over corporate data, clarify the data access authority and confidential operating standards, with accountability mechanism, and prohibit staff's profiteering from nonpublic information.

In addition, for any business partner who breaks our internal anti-corruption policy or procedure, we will terminate business cooperation and reserve our right to investigation and compensation.

The Audit Department is responsible for the supervision and accountability of anti-corruption work, and strictly supervises and coordinates the audit, finance, business, procurement and information technology within the Group in strict accordance with the working requirements of each department.

Apart from human supervision, we supervise corruption and bribery with risk management and internal monitoring systems, Audit Department evaluates if the risk management and internal monitoring systems are sufficient and effective, and thus report to the Board and management team. The Board and management shall ensure that the internal auditors have appropriate resources and know-how, operate independently and report to Audit Committee.

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Integrity Training

Every year, we offer integrity training, to increase staff's anti-corruption awareness. During the Reporting Period, we held internal anti-corruption training for entire employees, and meanwhile invited external consultants to offer anti-corruption training, and established training conversion mechanism, requiring trainees to retell the lessons to those who did not participate in the training, to ensure entire coverage of anti-corruption education. We also offered anti-corruption training to entire directors, themed by "Business Ethics and Directors Integrity Sharing".

Meanwhile, directors are briefed annually on the anti-corruption requirements prescribed in the Companies Ordinance and the Guidelines on Directors' Responsibilities such as expectation to avoid conflicts of interest and not to use directorships for profit.

Complaint Mechanism

The Group has formulated the Whistleblowing Policy and accepts various reporting methods such as letters, visits, public accounts, emails and telephone calls. In order to protect the legal rights and safety of whistleblowers, we promise to keep the identity and information of whistleblowers strictly confidential to ensure that whistleblowers will not receive unfair treatment and retaliation, and will not be fired for whistleblowing. After receiving the whistleblowing, the head of the audit department will review the cases one by one in a timely and fair manner and investigate each misconduct. The investigators shall strictly abide by the confidentiality system, and shall not disclose the leaking clues and the disposal methods. No one shall consult the investigation clues without authorization. If there is a relative or interest relationship between the case investigator and the informant or the respondent, the withdrawal system must be implemented. In order to prevent malicious whistleblowing, the Group will notify and deal with such informant after investigation of malicious rumors.

During the Reporting Period, the Group was free of corruption, embezzlement, commercial bribery or other corruption lawsuit, and was also free of external corruption investigation or punishment.

4.3 Suppliers Management

The Group attaches great importance to supply chain management, and is committed to building an open, transparent and fair climate for benign cooperation, and continuously optimizing supplier management mechanism, so as to realize supplier win-win while ensuring our own corporate interests.

The Group strictly complies with the Tendering and Bidding Law of the PRC, the Government Procurement Law of the PRC and other laws and regulations. The Group has established the Procurement Management and Control Procedures, the Equipment Procurement Management and other mechanisms to carry out supplier management and ensure that the process is regulated and transparent.

Pursuant to Equipment Procurement Management, Employee Handbook and other mechanisms within the Group, we clarify the duties of procurers, the process and standards of procurement, and require the procurers to work with justice, fairness, trust and integrity, so as to avoid conflict of interest or other potential corruption.

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Apart from the quality and safety of goods or services rendered by suppliers, we also consider their influence on environment and social responsibility. Some subsidiaries have developed clear Commitment for Social Responsibility, to be undertaken by suppliers, covering environment, worker's rights and benefits, anti-corruption, fair trade and other core clauses, and incorporating these requirements into procurement contract, specifying the default effects. In selecting suppliers, we prioritize environment-friendly suppliers, for example, we select suppliers who use environment-friendly oil paint, and we require suppliers to use non-disposable packaging materials to minimize wastes.

To reduce potential risks in supply chain, we regulate the sourcing, entry, assessment, exit of suppliers in full process, strictly control the compliance of suppliers, and ensure the capability of offering qualified goods or services. In addition, we regularly review suppliers, by quality, delivery speed, price, after sales service, environmental protection and safety behaviors etc. To different kinds of suppliers, we perform different forms and frequencies of review, including quality review, spot check, field survey and third party certification etc. By continuing review, we ensure long-term and stable partnership with suppliers.

During the Reporting Period, we collaborated with a total of 158 key suppliers (including top 15 suppliers by procurement volume), and all suppliers strictly complied with the Group's supplier management system. The Group will continue to work with high-quality suppliers to fulfill our social responsibilities in promoting green and environmental friendly practices.

Table: Suppliers by region

Supplier region	Unit	FY2025	FY2024
North China	suppliers	18	19
Northeast China	suppliers	5	7
East China	suppliers	94	109
Central China	suppliers	9	6
Northwest China	suppliers	7	2
South China	suppliers	12	10
Southwest China	suppliers	13	24
Total	suppliers	158	177

05 GREEN DEVELOPMENT, SAFEGUARDING ENVIRONMENTAL ECOLOGY

The Group always deems green and harmonious development as our critical mission. We deeply recognize that the sustainable development depends on maximal ecological protection on the basis of economic growth, social and personal interest.

As of the end of the Reporting Period, our subsidiaries, Jiangsu Zhongjian Tat Hong Machinery Construction Co. Ltd., Guangdong Tat Hong Machinery Construction Co., Ltd., and China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. obtained the certification of GB/T24001/ISO14001: Environmental management systems.

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5.1 Emission and Waste Management

The Group strictly follows the Environmental Protection Law of the PRC, the Law on Air Pollution Prevention and Control of the PRC, the Law on the Prevention and Control of Water Pollution of the PRC, the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the PRC, and other relevant national and local laws and regulations, and strictly implements the system and procedures of the internal Environmental Management Operation Control Procedure, to manage the emissions of waste gas, wastewater, hazardous waste and non-hazardous waste etc. in business operation process, and actively carry out environmental protection.

Waste Gas and Wastewater Emissions

The Group's waste gas emissions are mainly from the exhaust emissions of the company-owned vehicles, as well as the waste gas generated in sand spraying, welding, painting and other process during the maintenance and processing of tower machinery.

- With regard to vehicle exhaust emissions, the Group arranges each subsidiary to conduct annual inspections of its vehicles to ensure that the vehicle exhaust emissions of the subsidiary meet national requirements. At the same time, the Group actively promotes the use of low-emission vehicles, and reduces the exhaust emissions caused by fuel combustion by eliminating traditional gasoline vehicles and purchasing new electric vehicles.
- With regard to the waste gas emissions generated in maintenance and processing, the Group strictly abides by the regulatory requirements of relevant national and local laws and regulations, and hires a professional third-party testing agency to conduct regular monitoring of the subject waste gas emitted from special outlet after filtering and activated carbon absorption with Special waste gas treatment device, with compliant frequency and testing methods, to ensure the waste gas emissions meet the requirements of the relevant national and local emission limits. In addition, we continue to explore innovations in maintenance and processing to further reduce emissions generated in the production process.

The Group's wastewater emissions are mainly from domestic sewage in the plant area of maintenance and processing facilities. We also strictly comply with national and local laws and regulations, set up drainage networks and discharge gates for the separation of rainwater and sewage, and conduct regular inspections on substances/parameters in the discharged waste water to ensure that the discharge standards are met.

During the Reporting Period, the Group's waste gas and waste water emissions all complied with national emission standards.

Greenhouse Gas (GHG) Emissions

The Group's greenhouse gas emissions mainly originate from energy use in various business operations, including those from office premises, maintenance and processing workshops, and the company-owned vehicles. These emissions include direct greenhouse gas emissions from the use of gasoline and diesel, as well as indirect greenhouse gas emissions from purchased electricity.

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We actively take various energy-saving and emission-reducing measures, to minimize greenhouse gas emissions.

- support online office and online meeting, encourage public transit vehicle, reduce greenhouse gas emission from commuting;
- apply office energy saving measures, for example, select energy-saving office electrical appliances as practicable, as detailed in “5.2 Energy and Resource Management”;
- maintain vehicles regularly, to avoid low efficiency that consumes more fuel and emits more greenhouse gas;
- make green dispatch of tower cranes, digitalize dynamic equipment management, dispatch project-required tower cranes by proximity principle, reduce transport-generated greenhouse gas emissions, achieve cost saving and environmental benefits;
- make daily monitoring and maintenance of tower cranes, minimize transport required for maintenance or replacement of equipment, further reduce greenhouse gas emissions indirectly;
- use solar panel streetlamps on internal roads within plant area, minimize greenhouse gas emissions from purchased electricity.

In addition, during the Reporting Year, we incorporated the use of renewable energy by installing solar photovoltaic (PV) panels on the rooftop of maintenance and processing workshop. The electricity generated by these PV panels is used for self-consumption within the workshop premises, replacing part of the purchased electricity and thereby further reducing greenhouse gas emissions from purchased electricity consumption.



PV panels on the rooftops of maintenance and processing workshop

In addition to greenhouse gas emissions from our own business operation, we also pay attention to greenhouse gas emissions from up/downstream our business operation and the potential of emission reduction. During the Reporting Period, we conducted Scope 3 greenhouse gas identification and combing by reference to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Considering the uncontrollability and difficulty in collection of Scope 3 data, we develop progressive disclosure plan, start from the travel emissions from employees with controllable data, and gradually identify and investigate the entire business value chain emissions, and promote green low-carbon business value chain.

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Waste Management

The Group's wastes mainly originate from operations related to office work and maintenance/processing. Hazardous wastes are mainly computers, waste ink cartridges, waste toner cartridges and waste batteries generated in office, as well as hazardous solid wastes such as paint residue, sandblasting dust, waste engine oil, waste rags and labour protection supplies, waste chemical packaging, waste activated carbon, and waste filter cotton generated during maintenance/processing. Non-hazardous wastes are mainly domestic wastes and used office paper generated in office, as well as waste metal scraps, waste copper shavings, waste parts, waste welding wires, waste wood cubes and other general solid wastes generated during maintenance/processing.

The Group has taken following measures to manage non-hazardous wastes, and minimize their generation:

- Implement internal Waste Management Measures. As for domestic waste, we mandate our employees to sort it and put it into a place designated by the Environmental Protection Department for recycling and disposal;
- Encourage double-sided printing paper, reduce paper use, implement paperless office;
- Encourage staff to reuse paper and envelopes;
- Use degradable plastics and reusable cloth bags to reduce domestic waste;
- Provide reusable cups and reduce the use of plastic cups.
- For non-hazardous wastes generated in repair and production, we recycle metal scraps, waste parts, and make reuse of them to minimize wastes;
- Provide relevant environmental training and events, and increase staff's awareness of waste emission reduction.

For hazardous solid wastes, we carry out strict management. We require collection, transportation, storage, use and disposal of them in a compliantly environmental manner.

- Establish hazardous waste ledgers, manage, record and supervise full process from generation to disposal;
- In the course of maintenance and processing, intensify checks, reduce leakage of various raw and auxiliary materials, chemical reagents, and oils; properly collect and dispose of pollutants cleared/cleaned from repair, to prevent secondary pollution; timely dispose of polluted devices and materials dismantled in maintenance, to avoid pollution transfer.

For all hazardous wastes, we engage a qualified firm to recycle and dispose in a harmless manner:

- For waste computers, waste ink cartridges, waste toner cartridges, waste batteries and other hazardous wastes, we hire a recycling company certified with ISO14001 Environmental Management System to recover and properly dispose, reducing environmental pollution. Waste batteries and waste computers will be uniformly recycled and put into the designated place for disposal.
- For paint residue, sandblasting dust, waste engine oil, waste rags and labour protection supplies, waste chemical packaging, waste activated carbon, waste filter cotton, and other hazardous solid wastes, we contact a licensed hazardous waste disposing firm to dispose professionally, and minimize environmental hazards.

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During the Reporting Period, we did not receive any notices or warnings related to environmental protection matters, nor were we subject to any penalty, fine or other legal action by Chinese government due to serious violations of any environmental protection laws in China.

5.2 Energy and Resource Management

The Group aims to build a resource-saving, environment-friendly enterprise. We strictly comply with the Law on Energy Conservation of the PRC, the Regulations on Water Conservation and other laws and regulations, perform energy-saving and resource-saving measures during operation, increase resource utilization, promote resource saving and seek to realize low-carbon operation.

Use of Energy

The Group's energy consumption mainly comprises electricity for office, repair and processing, and gasoline and diesel for vehicles.

We practise energy-saving, emission-reducing philosophy in ordinary operation, and uphold "energy-saving, consumption reducing" cost control management for a long run. We manage energy both from equipment saving energy and behavior saving energy.

- adopt more energy-saving LED lamps, to minimize lighting power consumption;
- adopt zonal lighting control, turn on lights on demand, turn off lights in unmanned space;
- advocate natural light, turn on lights only when natural light is insufficient;
- use energy-saving office furniture, to minimize device power consumption;
- post "power saving" tips in office area, enhance saving awareness, remind staff of turning off lights before leaving office, to avoid unmanned space with lights on;
- require staff to minimize equipment standby power consumption during work. Set computers, printers, photocopiers and other office furniture in "sleep mode" or turn off them when they will be idle for a long time; turn off them before leaving office, and arrange daily check;
- irregularly check the power consumption of lights, air-conditioners, computers and other appliances, repair when necessary, to minimize power waste due to improper equipment running.

Additionally, the Group actively promoted the deployment of energy storage equipment this year to reduce power grid load. In May 2025, we installed energy storage equipment at the industrial park where our repair and maintenance centre is located, and it has since been commissioned and put into operation.

Use of Water Resource

The Group's water consumption mainly consists of ordinary water use in office and water use in repair and processing. Although the Group is not heavily dependent on water consumption, we advocate water saving, to minimize water consumption.

We stick "water saving" slogans on water use points in workplaces, to enhance staff's water saving awareness; we also irregularly check water use facilities, water pipes, valves and other devices, identify problem and timely repair, to avoid waste of water due to leakage or improper maintenance of equipment.

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Use of Other Resources

The Group integrates resource saving into full process of operation. We promote paperless office, continuously optimize digital management system, gradually transfer our construction related business information into our information management system, and use online process control, online review and other digital operation and management system, to reduce daily paper consumption.

During the Reporting Period, the Group was not involved in any resource misuse, nor was found any problem of resource utilization that might have great influence on the Group's operation.

Apart from the above disclosed emissions and use of resources, the Group's business nature would not exert any significant influence on natural resources or environment, nor was the Group found in breach of any environment and natural resource related laws or regulations, or was any complaint about noise pollution, air pollution or light pollution received.

5.3 Green Initiatives

We deeply know the importance of environmental philosophy spreading on the drive of sustainable development. During our daily operation, by advocating and organizing green initiatives, we integrate green low-carbon sustainable development into our corporate culture and daily operation. We advocate that entire staff actively practise low-carbon environmental lifestyle; continuously pay attention to and comply with environment and resource related laws and regulations, evaluate the Group's environmental risk, actively respond to national objectives of carbon peaking and carbon neutrality, and undertake more green environmental responsibilities for the community.

During the Reporting Year, we actively conducted green initiatives including tree-planting activities and the monthly implementation of Green Travel Day. Through these actions, we aim to promote the harmonious development of business operations and the natural environment.

Case: Green Travel Day

On Green Travel Day in every month, we encouraged employees to take bus or other public transit vehicles, to minimize greenhouse gas emissions from commuting.

Case: Tree Planting Activity

On 12 March 2025, on the occasion of the coming 47th Tree Planting Festival, the Group's subsidiaries launched the 2025 Tree Planting Activity under the theme of "Green Earth, Planting Together". Planting trees was not only an action of environmental protection, but also a transmission of corporate green sustainability philosophy. By personally participating in tree planting, employees became practitioners and spreaders of green development.



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5.4 Response to Climate Change

Climate change is an important challenge facing the world at present. In response to the National Climate Change Adaptation Strategy 2035 and the requirements of the National “Carbon Peaking and Carbon Neutrality” Strategy, the Group actively recognizes the various risks brought by climate change to business operations, and actively develops corresponding measures to enhance the our resilience in climate change scenarios. By considering the recommendations of the Financial Stability Board (FSB)’s Task Force on Climate-related Financial Disclosure (TCFD), the Group aims to strengthen the assessment and management on climate change risks from four dimensions (namely governance, strategy, risk management, indicators and targets), gradually establish a sound system of climate change response, and build a green sustainable enterprise.

Governance

The Group has incorporated climate change into corporate governance structure. The Board of Directors and management team govern our climate change related topics. The Board is responsible for deciding, approving and monitoring the policy mechanisms for climate related issues, to ensure sufficient financial, equipment and human resources in response to climate change; responsible for approving climate related issues, overseeing and checking the effectiveness of climate risk management measures, including discussing the objectives and action plan. The management team is mainly responsible for performing, evaluating and overseeing climate related issues, making analysis and recommendations to the Board, to ensure the effectiveness of Board’s oversight. The management team shall maintain the validity of environmental and financial data, identify, manage, mitigate and oversee the resources required by relevant issues, and coordinate different functional departments within the Group, to promote effective cooperation.

To ensure the Directors and the Management have sufficient knowledge related to climate risks and understand the mutual influence between climate risks and corporate businesses, the Group regularly provides the Directors and the Management with appropriate information and training on the information disclosure related to climate risks, to ensure both the Board and the Management are aware of the latest disclosure requirements and regulatory information. The Group temporarily includes the management on climate related issues into existing committees under the Board, continuing to pay attention to the impacts of short-term and long-term climate risks. The ESG Task Force led by the Management is responsible for implementing related policies and measures, tracking and overseeing the progress and measures of given climate targets, and feeding back to the Management.

Since climate change does not currently pose a major threat to the Group’s business, the Group has not formulated a formal policy to address climate change, and will continue to implement its existing climate change strategy.

Strategies

The Group is concerned about global climate change, and has identified climate change risks that may adversely affect the Group’s business, strategy and financial conditions, including transition risk and physical risk. During the Reporting Period, the Board of Directors and the Management had identified and assessed the climate related risks.

In recent years, global extreme climates and weathers increased, while the acute risks caused by typhoons, floods, rainstorms and other events, and the chronic risks caused by medium- to long-term changes in climate patterns such as persistent high temperatures or sea level rise could increase the physical risks faced by companies such as the frequent increase in equipment maintenance costs and the rise in the cost of human resources; the releasing and changing environmental and climate governing requirements and regulations will drive the changes in technologies and markets, resulting in the increased transition risks faced by companies and thus companies are required to increase the costs in climate due diligence and compliance to mitigate and adapt to climate change requirements. Therefore, we are deeming climate change as an important issue, and in the transition to low-carbon economy, we keep in touch with shareholders and stakeholders. We contemplate to strengthen climate disaster drills in due time, to minimize potential loss.

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Type of risks	Physical risks	Transition risks
Description of risks	<ol style="list-style-type: none"> Increased frequency and intensity of typhoons, rainstorms, floods, sea level rise and other extreme weathers 	<ol style="list-style-type: none"> China proposed the strategic goals of carbon peaking and carbon neutrality, all departments actively promoted the climate related policies and laws & regulations, probably resulting in policy and legal compliance, market demand change risk, reputation and other risk and influence.
Potential financial impacts	<ol style="list-style-type: none"> Extended construction term, reduced income during the shutdown; The health and safety of equipment and personnel are negatively affected, and damage to equipment and casualties increase the Group's operating costs, human resources costs, and increased the Group's premiums and economic losses. 	<ol style="list-style-type: none"> The promulgation of laws and regulations related to climate change increases the Group's compliance costs; More stringent product standards, resulting in an increase in costs for purchasing equipment and increase in R&D expenses; As the public demands on enterprises to cope with climate change increase, failing to meet the public expectations will undermine the corporate reputation.
Response actions	<ol style="list-style-type: none"> Positive follow climate change, forecast and assess the severity of potential risks, and take measures in advance to address climate change; Check the equipment regularly, reinforce and maintain the equipment timely; Strengthen inspection in case of a disaster and keep informed of its developments; Insure tower cranes to reduce potential economic losses; Formulate emergency plans, and conduct scenario simulation when possible; Strengthen safety education and training for employees to help them address natural disasters; Improve the Group's emergency response plan, and in bad weather, mandate the suspension of aloft work. 	<ol style="list-style-type: none"> Actively pay attention to the latest laws and regulations, strictly implement energy saving and emission reduction measures, integrate and establish the Group's environmental protection system; Be proactive in understanding market needs and focus on clean energy; Disclose environmental performance indicators in strict accordance with the requirements of Stock Exchange, keep in touch with stakeholders, understand their expectations of the Group and make improvements; Deeply practise green low-carbon development strategy, include it into the Group's medium- to long-term development planning.

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Risk Management

The Group understands that climate changes will bring negative impact on the Group's assets, supply chain, transport and trade, and also bring some potential opportunities. During the Reporting Period, the Group did not have any climate-related matters which had a material adverse impact on the Group. The Group currently has insured equipment and employees to ensure that losses due to climate risks are minimized. Meanwhile, the Group seeks for chances to work with clean energy projects, enhance our learning, training and R&D in terms of clean energy tower crane technical knowledge, and increases our competence in transition to low-carbon economy.

When undertaking a project, before planning for the construction, the Group will fully assess the climate risks in different seasons of the project site, make irregular evaluation on the specific project, and reduce the impacts of climate risks on the project in different periods. Currently, the Board and the Management evaluate and sort the possibility and influence of climate risks by means of qualitative climate scenario analysis, and give corresponding responses, to be approved by the Board. The Group will closely monitor climate-related policy changes and regulatory trends that may affect the Group's business, and adjust risk levels in a timely manner.

Type of risks	Risk scenario		Business impact	Financial impact	Time scope	Risk level	Countermeasures
Physical risks	Acute risks	Typhoon	Project shutdown, equipment collapse or destruction	Increase in equipment discarding and maintenance costs, asset impairment, reduced project deferred income	Short term	Low	Select high quality flood control equipment, enhance regular maintenance and supervision; Develop sound emergency plans and mechanisms, pay attention to climate change, reinforce equipment and arrange staff evacuation in advance
		Rainstorm, flood	Project shutdown, equipment damage, supply chain transport interruption		Short term	Medium	Intensified patrols on extreme weathers, earlier reinforcement of equipment, and arrangement of staff evacuation
	Chronic risks	Extremely high temperature weather	Frequent fires, droughts, extending the construction term, increasing hidden hazards of outdoor operation		Short term	Low	Greater attention to high temperature weathers, earlier staff deployment; no arrangement of constructors working in high temperature on site
		Water shortage	Importance of water resource to the Group's suppliers production process, probably resulting in extended term of equipment procurement, lower capacity of the Group in delivery		Short term	Low	Pay attention to supplier resources, include more eligible suppliers in our supplier database, setup multi-source procurement strategy; Enhance employees' awareness of water saving, promote the publicity of water saving

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Type of risks	Risk scenario		Business impact	Financial impact	Time scope	Risk level	Countermeasures
Transition risks	Legal risk	Increased regulatory requirements of laws and regulations	With the tightening requirements for environmental supervision and the continuing issue of relevant policies on climate change disclosure, the Group and its suppliers may be held legally liable for failing to comply with relevant policies or laws on climate change, resulting in price rise due to possible reduction in the production of existing equipment and the reduction in equipment supply	Increase in procurement costs; fewer projects, fiercer market competition, lower price, lower income	Mid term	Medium	Actively focus on climate change related policies; Develop and perform sustainable supply chain policy, specific requirements for suppliers in terms of green low-carbon, social responsibility etc.
	Market risk	Market demand change	Increased demand for energy saving & consumption reducing equipment; in response to the emerging new technologies of tower crane, corporations need to grasp new skills ASAP to occupy the market	Increase in procurement costs; Increase in R&D costs; Increase in training and labour costs	Long term	High	Active seek for cooperation with new energy projects; Enhanced R&D in tower crane new technologies, to increase tower crane working efficiency
		Carbon trading demand	With the advancement of the "carbon peaking and carbon neutrality" process, customers' demands for low-carbon supply chains have increased, and we may need to purchase emission reduction on the carbon trading market to meet customers' demands for low-carbon products and services	Increase in operational costs	Long term	High	Implement energy-saving and emission reducing measures, reduce our own operating carbon emissions; Actively focus on carbon trading market information, emphasize on carbon assets management

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06 CARRYING VIRTUES, DELIVERING SOCIAL VALUE

The Group is genetically rooted in “virtues”, and combining the corporate development with social progress deeply by continuing public welfare investment, industrial standards building and green infrastructure project implementation, showing our undertaking of sustainable development.

Public Welfare

We actively engage in public welfare, and have continuously participated in charity events over the years to convey love and warmth.

Case: “E.G.G.Walkathon” event

Since 2016, the Group has participated in “E.G.G.Walkathon” public welfare event for 7 consecutive years (excluding 2 years of suspension due to COVID-19). The event in 2024 was themed by “happy walk, careful person”, all funds raised would be used to promote the mental health of difficult children or donated to difficult children in Central and West China. Our employees were enthusiastic in participation, and played a positive role in inviting partners to participate, collectively challenged 50km hiking over 12 hours, and raised funds in total of RMB83,000. In addition, we are indulged in volunteering, and in the 7-year charity journey, we are delivering warmth on foot, helping children with love, and contributing to the community with practical movement.



Case: “One-day Donation” event

During the Reporting Year, our subsidiaries actively responded to the municipal government’s call for “charity everybody”, took part in the “One-day Donation” event held by Yizheng municipal government, and donated totally RMB12,000. Under the leadership of the Group’s charity philosophy, our subsidiaries have took part in such charity donation events for four consecutive years, contributing to the social assistance programs of the community.

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Industry Development Promotion

As one of the leading tower crane service suppliers, the Group actively contribute our expertise, experience and insights, in order to improve the development of tower crane construction service industry. Meanwhile, we actively build the ecosystem of industry-academia-research synergy, empower industrial talents building, and undertake social responsibility for sustainable development.

Case: Industry standards formulation

We take active part in the formulation of industry standards, contributing our rich industry experience to the standardization and regulation of the industry, and promoting the industry's technological development, construction safety, and quality improvement. Our subsidiaries took part in the preparation of group standard T/CCMA 0214-2024 Tower Crane Visualization System, which was published on 24 December 2024, and effective from 24 March 2025. This standard improves tower crane operating safety and efficiency through technical specification for tower crane safety monitoring. In addition, our subsidiaries took part in the preparation of group standard: Specifications for data exchange and sharing based on building crane IoT platform, which was adopted by standard review committee in April 2025, filling the gap in data exchange standards in this industry, and promoting the digital development of this industry.



Case: “Tat Hong Scholarship” supports talent cultivation

We are actively indulged in the construction of industrial and social talents. In May 2024, our subsidiary worked with School of Mechanical Engineering of Shenyang Jianzhu University to hold a signing ceremony of “Tat Hong Scholarship”. On the basis of industry-academia-research synergy promotion, we wish to support excellent talents by means of scholarship.

Social Well-being Promotion

The Group's business development is deeply linked to social responsibility, for example, we actively invest in infrastructure construction, traditional energy resources construction and clean energy resource project construction, aiming to promote green low-carbon transition, and improve social and civil well-being. During the Reporting Year, we mounted tower cranes for wind power projects, and made all efforts in helping the construction of Fengning Xinlong Yuershan 250MW wind-solar-storage-hydrogen integrated project.

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APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT INFORMATION

Environmental KPIs	Unit	FY2025	FY2024
Air emissions¹			
Nitrogen oxides (NO _x)	kg	2,358.18	3,372.77
Sulfur oxides (SO _x)	kg	3.41	6.3
Particulate matters (PM)	kg	193.93	312.89
Nitrogen oxides(NO _x) emissions intensity per m ²	kg/m ²	0.009	0.014
Sulfur oxides (SO _x) emissions intensity per m ²	kg/m ²	0.000012	0.000026
Particulate matters (PM) emissions intensity per m ²	kg/m ²	0.0007	0.0013
Greenhouse gas emissions			
Direct greenhouse gas emissions (Scope 1) ²	tonnes of CO ₂ e	521.01	1,119.20
Indirect greenhouse gas emissions (Scope 2) ³	tonnes of CO ₂ e	795.19	1,151.52
Indirect greenhouse other emissions (Scope 3) ⁴	tonnes of CO ₂ e	166.31	newly added in FY2025
Total greenhouse gas emissions (Scope 1 & 2)	tonnes of CO ₂ e	1,316.20	2,270.72
Greenhouse gas emissions intensity per m ² (Scope 1 & 2)	tonnes of CO ₂ e/m ²	0.005	0.009
Total greenhouse gas emissions (Scope 1, 2 & 3)	tonnes of CO ₂ e	1,482.52	newly added in FY2025
Greenhouse gas emissions intensity per m ² (Scope 1,2 & 3)	tonnes of CO ₂ e/m ²	0.005	newly added in FY2025
Non-hazardous waste			
Total non-hazardous waste produced	kg	66,666.00	83,408.00
Non-hazardous waste intensity per employee	kg/employee	98.47	113.95
Hazardous waste			
Hazardous waste (generated from maintenance)			
Paint residue	kg	10,025	10,350
Sandblasting dust	kg	7,680	3,860
Waste engine oil	kg	2,320	2,130
Waste rags and labour protection supplies ⁵	kg	255	420
Waste chemical packaging ⁵	kg	7,560	5,320
Waste activated carbon ⁵	kg	0	510
Waste filter cotton ⁵	kg	1,350	218
Waste cartridge ⁵	kg	800	0
Total hazardous waste (generated from maintenance)	kg	29,990	22,808
Hazardous waste intensity per employee (from maintenance)	kg/employee	44.30	31.16

¹ Air emissions refer to the emission from vehicles being used by the Group.

² Scope 1 direct GHG emissions are generated by the use of gasoline and diesel fuel. The calculation method and emission factors of direct GHG emissions refer to the "Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions: Power Generation Facilities" (2022 Revised Edition).

³ Scope 2 indirect GHG emissions are emissions from purchased electricity. Electricity emission factors refer to the "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors" jointly issued by the Ministry of Ecology and Environment of the PRC and the National Bureau of Statistics of the PRC.

⁴ Scope 3 emissions is included from this Reporting Period, covering GHG emissions generated from employee air and rail business travel (i.e., Category 6 - Business Travel as per the Corporate Value Chain (Scope 3) Accounting and Reporting Standard).

⁵ To more comprehensively reflect the Group's waste generation, the collection scope of non-hazardous waste was expanded in FY2025 to include waste chemical packaging, waste activated carbon, waste filter cotton, waste filter cartridge, waste rags and labour protective supplies generated from maintenance and processing activities. Additionally, retrospective collection of data has been conducted for FY2024.

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Environmental KPIs	Unit	FY2025	FY2024
Hazardous waste (generated from office activities)			
Waste computers	sets	19	16
Waste batteries	pcs	124	299
Waste ink cartridges/waste toner cartridges ⁶	pcs	66	83
Hazardous waste intensity per employee (from office activities)	sets (computers)/employee	0.03	0.02
	pcs (batteries)/employee	0.18	0.41
	pcs (waste ink cartridges/waste toner cartridges)/employee	0.10	0.11
Paper			
Paper consumption	kg	6,736.10	10,566.90
Paper consumption intensity per employee	kg/employee	9.95	14.44
Energy consumption			
Direct energy consumption			
Gasoline	Litre	134,563.10	263,617.59
Gasoline consumption intensity per revenue	Litre/RMB10,000	2.12	3.86
Diesel	Litre	88,798.97	147,210.48
Diesel consumption intensity per revenue	Litre/RMB10,000	1.40	2.16
Indirect energy consumption			
Purchased electricity	kWh	1,481,913.58	1,887,424.56
Clean electricity ⁷	kWh	67,140.40	newly added in FY2025
Total electricity consumption	kWh	1,549,053.98	1,887,424.56
Electricity consumption intensity per m ²	kWh/m ²	5.43	7.85
Comprehensive energy consumption (direct + indirect energy) ⁸	kWh	3,619,988.24	5,674,916.71
Comprehensive energy consumption intensity per m ²	kWh/m ²	13.26	23.59
Water			
Total water consumption	m ³	45,266.00	41,063.50
Water consumption intensity per m ²	m ³ /m ²	0.17	0.17

⁶ To more comprehensively reflect the Group's waste generation, the collection scope of non-hazardous waste was expanded in FY2025 to include waste ink cartridges/waste toner cartridges generated from office activities. Additionally, retrospective collection of data has been conducted for FY2024.

⁷ Clean electricity refers to the self-generated and self-consumed electricity from solar photovoltaic (PV) systems installed on the rooftop of the workshop building of a subsidiary.

⁸ Comprehensive energy consumption is calculated with the energy coefficient listed in GB 2589-2020: General Rules for Calculation of the Comprehensive Energy Consumption.

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Social KPIs	Unit	FY2025	FY2024
Employees			
Number of total employees	persons	677	732
Number of employees by gender			
Female	persons	132	136
Male	persons	545	596
Number of employees by employment type			
Junior employee	persons	500	561
Middle management	persons	136	134
Senior management	persons	41	37
Number of employees by age group			
Aged under 30	persons	104	147
Aged 30-50	persons	480	489
Aged over 50	persons	93	96
Number of employees by geographic region			
North China	persons	77	99
East China	persons	473	370
Central China	persons	0	30
Northwest China	persons	3	43
South China	persons	102	118
Southwest China	persons	22	72
Employee turnover rate⁹			
Total turnover rate	%	24.9%	20.8%
Employee turnover rate by gender			
Female	%	23.7%	28.0%
Male	%	25.1%	18.9%
Employee turnover rate by age group			
Aged under 30	%	35.0%	26.5%
Aged 30-50	%	24.5%	20.1%
Aged over 50	%	11.4%	14.3%
Employee turnover rate by geographical region			
North China	%	17.2%	7.5%
East China	%	27.1%	19.2%
Central China	%	/	11.8%
Northwest China	%	25.0%	31.7%
South China	%	16.4%	33.3%
Southwest China	%	33.3%	15.3%

⁹ Employee turnover rate calculation method: Employee turnover rate = Number of departed employees during the Reporting Period / (Number of employees at the end of Reporting Period + Number of departed employees during the Reporting Period) * 100%.

Environmental, Social and Governance Report

Social KPIs	Unit	FY2025	FY2024
Employee health and safety			
Number of work-related fatalities	person	0	0
Number of lost days due to work injury	days	193	0
Employee training			
Total number of trained employees ¹⁰	persons	901	924
Number of trained employees by gender			
Female	persons	173	189
Male	persons	728	735
Number of trained employees by employment type			
Junior employees	persons	713	731
Middle management	persons	146	156
Senior management	persons	42	37
Average training hours per employee by gender¹¹			
Female	hours	211	172
Male	hours	202	159
Average training hours per employee by employment type¹¹			
Junior employees	hours	216	167
Middle management	hours	178	156
Senior management	hours	88	74
Percentage of trained employees			
Percentage of total trained employees ¹²	%	100%	100%
Percentage of trained employees by gender¹³			
Female	%	19.2%	20.5%
Male	%	80.8%	79.5%
Percentage of trained employees by age group¹³			
Aged under 30	%	17.8%	21.6%
Aged 30-50	%	70.6%	66.2%
Aged over 50	%	11.7%	12.1%
Percentage of trained employees by employment type¹³			
Junior employees	%	79.1%	79.1%
Middle management	%	16.2%	16.9%
Senior management	%	4.7%	4.0%

¹⁰ Total 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.

¹¹ Average training hours per employee by employee category = Total training hours of employees by specified category/Total number of Employees by the corresponding category.

¹² Percentage of total trained employees = Total number of trained employees (Number of employees at the end of the Reporting Period + Number of departed employees during the Reporting Period).

¹³ Percentage of trained employees by employee category = Number of trained employees of specified category/Total number of trained employees.

Environmental, Social and Governance Report

APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Key Performance Indicators			Relevant Section	
A. Environmental				
A1: Emissions	General disclosure	Information on:	5.1 Emission and Waste Management	
		(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		
	A1.1	The types of emissions and respective emissions data.	5.1 Emission and Waste Management Appendix I: Summary of Sustainable Development Information	
	A1.2	Direct (Scope 1) and Indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information	
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity(e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information	
	A1.5	Description of the emission targets set and the steps taken to reach these targets.	5.1 Emission and Waste Management	
	A1.6	Description of the methods to handle hazardous and non-hazardous waste, and the description of the waste reduction targets set and the steps taken to achieve these targets.	5.1 Emission and Waste Management	
	A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.2 Energy and Resource Management
		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).	Appendix I: Summary of Sustainable Development Information
		A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I: Summary of Sustainable Development Information
		A2.3	Description of the energy efficiency targets set and the steps taken to achieve these targets.	5.2 Energy and Resource Management
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and the water efficiency targets set and the steps taken to achieve these targets.	5.2 Energy and Resource Management
		A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A

Environmental, Social and Governance Report

Key Performance Indicators			Relevant Section
A3: Environment and Natural Resources	General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	5.1 Emission and Waste Management 5.2 Energy and Resource Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Emission and Waste Management 5.2 Energy and Resource Management
A4: Climate Change	General disclosure	Description of the major climate-related issues that have and may have an impact on the issuer, and the response actions.	5.4 Response to Climate Change
	A4.1	Identification of major climate-related issues that have and may have an impact on the issuer, and related reactions.	5.4 Response to Climate Change
B. Social			
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.	3.1 Safeguarding Employee Rights and Benefits 3.2 Promoting Employee Well-being
	B1.1	Total workforce by gender, employment Type (e.g. full-time or part-time), age group and geographical region.	Appendix I: Summary of Sustainable Development Information
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Summary of Sustainable Development Information
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:	02 Life First, Building a Safe Environment
	B2.1	Number and rate of work-related fatalities in the past three years (include reporting year).	2.2 Occupational Health Appendix I: Summary of Sustainable Development Information
	B2.2	Lost days due to work injury.	2.2 Occupational Health Appendix I: Summary of Sustainable Development Information
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	02 Life First, Building a Safe Environment

Environmental, Social and Governance Report

Key Performance Indicators			Relevant Section
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.3 Empowering Employee Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Summary of Sustainable Development Information
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Summary of Sustainable Development Information
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:	3.1 Safeguarding Employee Rights and Benefits
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Safeguarding Employee Rights and Benefits
	B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Safeguarding Employee Rights and Benefits
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain.	4.3 Suppliers Management
	B5.1	Number of suppliers by geographical region.	4.3 Suppliers Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.3 Suppliers Management
	B5.3	Description of the practices related to the identification of environmental and social risks in each section of the supply chain, as well as related implementation and monitoring methods.	4.3 Suppliers Management
	B5.4	Description of the practices that promote the use of environmentally friendly products and services when selecting suppliers, as well as related implementation and monitoring methods.	4.3 Suppliers Management

Environmental, Social and Governance Report

Key Performance Indicators			Relevant Section
B6: Product Responsibility	General disclosure	Information on:	01 Product Responsibility, Creating Quality Services
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
		B6.1 Number of products and service related complaints received and how they are dealt with.	1.1 Excellent Quality Management
		B6.2 Description of practices relating to observing and protecting intellectual property rights.	1.2 High-quality Customer Service
		B6.3 Description of quality assurance process and recall procedures.	1.4 Intellectual Property Protection
B7: Anti-corruption	General disclosure	B6.4 Description of consumer data protection and privacy policies, how they are implemented and monitored.	1.1 Excellent Quality Management 1.2 High-quality Customer Service
		B6.5 Number of products and service related complaints received and how they are dealt with.	1.5 Data Privacy and Info Security
		Information on:	4.2 Business Ethics and Anti-corruption
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	
		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.	4.2 Business Ethics and Anti-corruption
B8: Community Investment	General disclosure	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.2 Business Ethics and Anti-corruption
		B7.3 Description of the anti-corruption training provided to directors and employees.	4.2 Business Ethics and Anti-corruption
		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.	06 Carrying Virtues, Delivering Social Value
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	06 Carrying Virtues, Delivering Social Value
		B8.2 Resources contributed (e.g. money or time) to the focus area.	06 Carrying Virtues, Delivering Social Value

Independent Auditor's Report



TO THE SHAREHOLDERS OF TAT HONG EQUIPMENT SERVICES CO., LTD.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tat Hong Equipment Service Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 107 to 179, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. The key audit matters we identified are:

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

Independent Auditor's Report

Key Audit Matter

Revenue recognition of one-stop tower crane solution services

Refer to Note 4.19 in the material accounting policy information and Notes 7 and 8 to the consolidated financial statements.

The Group derives its revenues from one-stop tower crane solution services and dry lease which amounted to approximately RMB621,510,000 and RMB13,051,000 respectively for the year ended 31 March 2025.

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.

How our audit addressed the Key Audit Matter

Our audit procedures in relation to revenue recognition of one-stop tower crane solution services included the following:

- Obtaining an understanding of the management's internal control and assessment process of revenue recognition and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, mainly complexity;
- Evaluating the key controls over the revenue recognition;
- Comparing the current year actual results including the project duration with contract terms, and comparing the actual costs with the prior year estimation to assess the effectiveness of management's estimation process;
- Testing 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;
- Testing, 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;
- Recalculating the allocation of the total consideration of service contracts to Operating Lease and Hoisting Service;
- Recalculating the revenue of Operating Lease recognised based on the expected project duration on a straight-line basis; and
- Recalculating the progress of Hoisting Service based on the latest actual cost incurred and expected total cost, and further recalculating the revenue of Hoisting Service using input method.

Independent Auditor's Report

Key Audit Matter

Impairment assessment of contract assets and trade receivables

Refer to Note 4.7, 4.10 and 4.21 in the material accounting policy information, Note 6.1 in the financial risk management and Notes 7 and 25 to the consolidated financial statements.

As at 31 March 2025, the Group recognised contract assets and trade receivables of RMB243,172,000 and RMB706,927,000 respectively and the loss allowance on contract assets and trade receivables is approximately RMB1,194,000 and RMB22,994,000, respectively. The Group recorded provision for net impairment loss on contract assets and trade receivables in the consolidated statements of comprehensive income of approximately RMB3,101,000 for the year ended 31 March 2025.

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 Credit Default Spread of China 5-Year Government Bond ("CDS").

Significant management estimates involved in the impairment assessment of contract assets and trade receivables which are subjective.

How our audit addressed the Key Audit Matter

Our audit procedures in relation to the impairment assessment of contract assets and trade receivables included the following:

- Obtaining an understanding of management's internal control and assessment process of impairment of contract assets and trade receivables, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and subjectivity, etc;
- Evaluating 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;
- Testing, on a sample basis, the aging analysis of contract assets and trade receivables at year end to supporting documents;
- Assessing the historical default rate by considering the payment profile of debtors;
- Testing 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;
- Evaluating, with assistance from our external expert, management's assessment of current conditions and forward looking factors including the CDS, with reference to external data sources; and
- Comparing the bad debt written-off during the year with ECL allowance made in prior years.

Independent Auditor's Report

OTHER INFORMATION

The directors 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 AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the 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 assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with the Audit Committee, 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 Mr. Szeto Tai Shun. (practising certificate number: P07359)

RSM Hong Kong

Certified Public Accountants

29th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

13 June 2025

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2025

	Note	Year ended 31 March	
		2025 RMB'000	2024 RMB'000
Revenue	8	634,561	682,292
Cost of sales	11	(563,460)	(601,532)
Gross profit		71,101	80,760
Selling and distribution expenses	11	(15,390)	(15,033)
General and administrative expenses	11	(85,344)	(81,966)
Research and development expenses	11	(15,356)	(19,390)
Provision for financial assets and contract assets		(3,101)	(3,327)
Other income	9	3,875	2,789
Other losses, net	10	(969)	(5,668)
Operating loss		(45,184)	(41,835)
Finance costs	12	(62,310)	(64,520)
Finance income	12	934	948
Loss before income tax		(106,560)	(105,407)
Income tax (expense)/credit	13	(13,917)	9,769
Loss for the year		(120,477)	(95,638)
Loss for the year attributable to:			
Owners of the Company		(120,553)	(95,638)
Non-controlling interest		76	—
		(120,477)	(95,638)
Other comprehensive loss, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		(125)	(556)
Other comprehensive loss for the year, net of tax		(125)	(556)
Total comprehensive loss for the year, net of tax		(120,602)	(96,194)
Total comprehensive income for the year attributable to:			
Owners of the Company		(120,678)	(96,194)
Non-controlling interest		76	—
		(120,602)	(96,194)
Basic and diluted loss per share (RMB)	17	(0.10)	(0.08)

Consolidated Statement of Financial Position

At 31 March 2025

		As at 31 March	
	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	1,539,391	1,556,816
Right-of-use assets	20	167,809	101,193
Intangible assets	21	13,100	16,710
Contract assets	7	25,294	23,797
Other non-current assets	22	130,104	81,247
Total non-current assets		1,875,698	1,779,763
Current assets			
Inventories	24	35,141	44,464
Contract assets	7	216,684	236,058
Trade receivables	25	683,933	734,470
Prepayments and other receivables	26	136,855	128,324
Financial assets at fair value through other comprehensive income	27	13,031	15,574
Restricted cash	28	370	370
Cash and cash equivalents	28	145,531	138,938
Total current assets		1,231,545	1,298,198
Total assets		3,107,243	3,077,961

Consolidated Statement of Financial Position

At 31 March 2025

		As at 31 March	
		2025	2024
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	32	507,072	612,405
Lease liabilities	20	92,965	58,306
Deferred income tax liabilities	31	68,413	57,805
Provisions	35	32,825	24,906
Total non-current liabilities		701,275	753,422
Current liabilities			
Trade and bills payables	33	365,222	327,771
Contract liabilities	7	1,960	2,531
Other payables and accruals	34	33,272	31,436
Borrowings	32	615,553	483,476
Lease liabilities	20	48,711	26,138
Provisions	35	38,805	31,762
Total current liabilities		1,103,523	903,114
Total liabilities		1,804,798	1,656,536
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	593,026	593,026
Reserves	30	514,249	514,374
Retained earnings		193,472	314,025
		1,300,747	1,421,425
Non-controlling interests		1,698	–
Total equity		1,302,445	1,421,425
Total equity and liabilities		3,107,243	3,077,961

Approved by the board of directors on 13 June 2025 and signed by the following directors:

Yau Kok San
Director

Lin Han-wei
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2025

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Retained earnings	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2023	593,026	181,942	243,605	58,344	29,083	411,619	1,517,619	1,517,619
Loss for the year						(95,638)	(95,638)	(95,638)
Other comprehensive income:								
– Currency translation difference	–	–	–	–	(556)	–	(556)	(556)
Total comprehensive income	–	–	–	–	(556)	(95,638)	(96,194)	(96,194)
Statutory reserve	–	–	–	1,956	–	(1,956)	–	–
At 31 March 2024	593,026	181,942	243,605	60,300	28,527	314,025	1,421,425	1,421,425
At 1 April 2024	593,026	181,942	243,605	60,300	28,527	314,025	1,421,425	1,421,425
Loss for the year	–	–	–	–	–	(120,553)	(120,553)	(120,477)
Other comprehensive income:								
– Currency translation difference	–	–	–	–	(125)	–	(125)	(125)
Total comprehensive income	–	–	–	–	(125)	(120,553)	(120,678)	(120,602)
Establishment of a subsidiary with non-controlling interests	–	–	–	–	–	–	–	1,622
At 31 March 2025	593,026	181,942	243,605	60,300	28,402	193,472	1,300,747	1,302,445

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2025

	Note	Year ended 31 March	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	36	365,592	145,305
Interest received		934	948
Interest paid		(52,008)	(56,730)
Income taxes (paid)/received		(3,687)	1,147
Net cash inflow from operating activities		310,831	90,670
Cash flows from investing activities			
Payments for property, plant and equipment		(287,808)	(195,004)
Payments for intangible assets		(844)	–
Proceeds from disposals of property, plant and equipment and right-of-use assets	36	35,045	36,428
Net cash outflow from investing activities		(253,607)	(158,576)
Cash flows from financing activities			
Proceeds from borrowings		813,800	569,195
Repayment of borrowings		(801,890)	(456,589)
Payments for lease liabilities	36	(64,846)	(61,275)
Contribution from non-controlling interest		1,622	–
Net cash (outflow)/inflow from financing activities		(51,314)	51,331
Net increase/(decrease) in cash and cash equivalents		5,910	(16,575)
Cash and cash equivalents at beginning of the year	28	138,938	155,551
Effects of exchange rate changes on cash and cash equivalents		683	(38)
Cash and cash equivalents at end of the year	28	145,531	138,938

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

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 13 June 2025.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group recorded consecutive losses since the year ended 31 March 2023. As of 31 March 2025, the Group had approximately RMB146 million in bank and cash balances, while outstanding borrowings totaled approximately RMB1,108 million, with approximately RMB602 million due within one year.

Notwithstanding the above events and conditions, the directors of the Company (the “**Directors**”) are of the view that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial statements of the Group on the grounds that:

- (a) The Group received a letter of financial support from an intermediate parent company confirming their intention to continue to support financially the operations of the Group and to meet all third-party obligations for at least the ensuing twelve months period;
- (b) Management anticipate the Group will continue to negotiate with the banks to favorably revise certain covenants of bank borrowings prior to the end of the coming financial year, thereby enabling the Group to access stable bank loan facilities at the lowest possible cost;

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

2. BASIS OF PREPARATION *(Continued)*

- (c) The Group had committed and undrawn short-term borrowing facilities of approximately RMB76 million and committed and undrawn long-term borrowing facilities of approximately RMB60 million as at the end of reporting period available to meet the operating requirements and foreseeable future capital investment requirements.
- (d) Management expect the Group will successfully arrange rolling-over of borrowing facilities with sufficient amounts for the Group's operating and capital investment needs; and
- (e) The Directors have prepared a comprehensive cashflow forecast for the 18 months ending 30 September 2026 in order to estimate the Group's cash requirements, taking into consideration of a number of plans and measures:
- the Group will continue to optimise its customer base by focusing on infra-structure and nuclear power projects that have the potential to enhance the Group's overall operating cash flow;
 - the Group will implement its business plan targeting to achieve its budgeted capacity utilisation rate and the desired average monthly service price for tower cranes per tonne metres;
 - the Group will persist in implementing measures to expedite the collection of trade receivables; and
 - the Group will proactively monitor and control operating costs, selling and distribution expenses and administrative expenses.

Based on the forecast, the Directors are of the opinion that the Group has sufficient working capital and banking facilities to meet its present needs throughout the aforementioned period.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5")(Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of Tat Hong Equipment Services Co., Ltd.'s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Adoption of Amendments to HKAS 7 and HKFRS 7 "Supplier Finance Arrangements":

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The Group provided the new disclosures in Notes 6.1 and 32(v).

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS *(Continued)*

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS *(Continued)*

(b) Revised HKFRS Accounting Standards in issue but not yet effective *(Continued)*

Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 21 “Lack of Exchangeability”

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.1 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.

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.1 Subsidiaries *(Continued)*

Business combination *(Continued)*

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.

4.2 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.

4.3 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 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 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.3 Foreign currencies *(Continued)*

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).

4.4 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 4.19 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.5 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.

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.

4.6 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

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial assets

4.7.1 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.

4.7.2 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.

4.7.3 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.7 Financial assets (Continued)

4.7.3 Measurement (Continued)

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.
- **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.

4.7.4 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 25 for further details.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.8 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.

4.9 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.

4.10 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 25 for further information about the Group's accounting for trade receivables and Note 6.1 for a description of the Group's impairment policies.

4.11 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.

4.12 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.13 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, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

4.14 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.15 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.

4.16 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.

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.16 Current and deferred income tax *(Continued)*

Deferred income tax (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

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.

4.17 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

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.18 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.

4.19 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 recognizes 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.

- 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.19 Revenue recognition *(Continued)*

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

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.

4.20 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.

4.21 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.22 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.22 Leases *(Continued)*

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 4.19). 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.

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as other borrowings within the scope of HKFRS 9.

4.23 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

5. 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' 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.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of an intermediate parent company, revision of certain covenants of bank borrowings and banking facilities available to the Group at a level sufficient to finance the working capital requirements and capital investment requirements of the Group. Details are explained in note 2 to the consolidated financial statements.

Impairment of contract assets and trade receivables

The loss allowance for contract assets and trade receivables disclosed in Note 6.1 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' past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts of the Group' contract assets and trade receivables are disclosed in Note 7 and Note 25.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

5. 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 Groups 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

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT

6.1 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 2025, 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 RMB21,000 (2024: RMB30,000) lower/higher.

As at 31 March 2025, 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 RMB23,000 (2024: RMB43,000) lower/higher.

As at 31 March 2025, 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 RMB2,170,000 (2024: RMB1,909,000) 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 2025, 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 RMB302,000 (2024: RMB313,000) 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

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1 Financial risk factors (Continued)

Credit risk (Continued)

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

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 Credit Default Spread of China 5-Year Government Bond ("CDS") to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes in these factors.

	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 2025						
Trade receivables						
Gross carrying amount	218,116	153,101	80,437	132,898	122,375	706,927
Loss allowance	(1,648)	(2,201)	(2,706)	(5,314)	(11,125)	(22,994)
Expected loss rate	0.48%-2.56%	1.28%-8.82%	2.64%-16.71%	2.80%-17.55%	2.97%-80.26%	2.35%-30.05%
Contract assets – current and non-current						
Gross carrying amount	243,172	-	-	-	-	243,172
Loss allowance	(1,194)	-	-	-	-	(1,194)
Expected loss rate	0.48%-2.56%	-	-	-	-	0.48%-2.56%
31 March 2024						
Trade receivables						
Gross carrying amount	221,352	218,465	105,702	130,033	78,876	754,428
Loss allowance	(2,226)	(3,918)	(2,597)	(4,757)	(6,460)	(19,958)
Expected loss rate	0.07%-0.83%	0.58%-16.95%	1.15%-16.94%	1.05%-32.51%	1.35%-100%	0.81%-45.97%
Contract assets – current and non-current						
Gross carrying amount	260,984	-	-	-	-	260,984
Loss allowance	(1,129)	-	-	-	-	(1,129)
Expected loss rate	0.07%-0.83%	-	-	-	-	0.07%-0.83%

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1 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	
	2025	2024
	RMB'000	RMB'000
Contract assets		
At the beginning of the year	1,129	1,484
Provision for/(reversal of provision for) impairment losses	65	(355)
At the end of the year	1,194	1,129
Trade receivables		
At the beginning of the year	19,958	16,276
Provision for impairment losses	3,264	4,124
Currency translation differences	(228)	(442)
At the end of the year	22,994	19,958

(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 2025 and 2024. 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 2025 and 2024, 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

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1 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

Each entity within the Group is responsible for its own cash management, including the participation in supplier finance arrangements with banks and the raising of borrowings to cover expected cash demands, subject to approval by the Directors when the borrowings exceed certain predetermined level of authority.

As disclosed in Note 32(viii), the Group has entered into certain reverse factoring arrangements with a bank, under which the Group obtained extended credit in respect of the invoice amounts owned to a related company of trading in nature.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As disclosed in Note 32(vii), certain Group's banking facilities are subject to the fulfilments of covenants. Some of those covenants relate to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand. The Group holds various bank loans amounted to RMB700 million (2024: RMB749 million) as at 31 March 2025, which are subject to covenants. These covenants primarily require the borrowing entities and the Company, as guarantor, to maintain prudent leverage and interest coverage ratios, ensuring sufficient tangible net assets and complying with limits on borrowings relative to equity. Additionally, certain bank loans stipulate that the shareholders of the borrowing entities must remain unchanged, that no financial guarantees may be extended to external parties, and that there are specified limits on contingent liabilities for the borrowing entities and the Group, as applicable. These covenants are enforceable throughout the duration of the loan term.

Up to the date of these consolidated financial statements, there are no indications that the Group would have difficulties complying with the above covenants when they will be next tested.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1 Financial risk factors (Continued)

Liquidity risk (Continued)

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 2025					
Borrowings	615,553	359,236	147,836	–	1,122,625
Trade and bills payables	365,222	–	–	–	365,222
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	13,041	–	–	–	13,041
Interest payables	38,012	13,274	4,361	–	55,647
Lease liabilities	60,354	35,453	58,492	6,296	160,595
	1,092,182	407,963	210,689	6,296	1,717,130
	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 2024					
Borrowings	483,476	174,941	437,464	–	1,095,881
Trade and bills payables	327,771	–	–	–	327,771
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	10,135	–	–	–	10,135
Interest payables	46,099	27,018	51,893	–	125,010
Lease liabilities	36,570	19,232	29,521	11,478	96,801
	904,051	221,191	518,878	11,478	1,655,598

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.2 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 2025 and 2024 were as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Net debt	1,123,659	1,045,387
Total equity	1,302,445	1,421,425
Total capital	2,426,104	2,466,812
The net debt to total capital ratio	46%	42%

6.3 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

For the Year Ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

6.3 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 31 March 2025				
Assets				
Financial assets at fair value through other comprehensive income	–	–	13,031	13,031
As at 31 March 2024				
Assets				
Financial assets at fair value through other comprehensive income	–	–	15,574	15,574

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		Un-observable	Inputs (probability-weighted average)	
As at 31 March			Year ended 31 March	
2025	2024		2025	2024
RMB'000	RMB'000		RMB'000	RMB'000
13,031	15,574	Discount rates quoted in main state-owned banks	2.78%	4.61%

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 2025 and 2024 by approximately RMB53,000/RMB53,000 and RMB7,000/RMB7,000, respectively.

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7. 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	
	2025	2024
	RMB'000	RMB'000
Customer A	88,810	101,492
Customer B	78,008	79,472
Customer C	69,903	88,929
Total	236,721	269,893

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

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Contract assets		
Non-current	25,399	23,997
Loss allowance	(105)	(200)
	25,294	23,797
Current	217,773	236,987
Loss allowance	(1,089)	(929)
	216,684	236,058
Total contract assets	241,978	259,855

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For the Year Ended 31 March 2025

7. 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	
	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	1,930	761

(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	
	2025	2024
	RMB'000	RMB'000
One-stop tower crane solution services	769,568	1,091,030
Dry lease	30,477	16,946
	800,045	1,107,976

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB468,569,000 as of 31 March 2025 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB331,004,000 will be recognised as revenue after 1 year but less than 5 years.

8. REVENUE

An analysis of revenue is as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Timing of revenue recognition		
– Over the time		
One-stop tower crane solution services:		
– Operating Lease	237,482	289,513
– Hoisting Service	384,028	380,443
Dry lease	13,051	12,336
	634,561	682,292

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9. OTHER INCOME

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Value-added tax refund	47	668
Government grants	191	621
Others	3,637	1,500
	3,875	2,789

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.

10. OTHER LOSSES, NET

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Exchange gain/(losses)	683	(38)
Losses on disposal of property, plant and equipment and right-of-use assets	(1,652)	(5,630)
	(969)	(5,668)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

11. EXPENSES BY NATURE

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets (Notes 19 and 20)	273,507	283,185
Labour subcontracting cost	217,702	228,190
Employee benefit expenses (Note 14)	78,166	88,517
Rental expenses	30,358	30,028
Material fees	13,660	16,990
Travel expenses	12,349	15,518
Repair expenses	4,443	4,295
Commission expenses	10,848	8,637
Entertainment expenses	5,412	5,625
Professional fees	5,180	4,728
Amortisation of intangible assets (Note 21)	4,454	4,466
Office expenses	5,918	5,947
Transportation expenses	2,822	2,397
Auditor's remuneration	1,981	2,981
Others	12,750	16,417
	679,550	717,921

12. FINANCE COSTS AND INCOME

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings	52,897	57,227
Interest expenses on lease liabilities	7,581	5,278
Net exchange losses on foreign currency borrowings	1,832	2,015
Total finance costs	62,310	64,520
Finance income:		
Interest income	(934)	(948)
Finance costs – net	61,376	63,572

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For the Year Ended 31 March 2025

13. INCOME TAX EXPENSE/(CREDIT)

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

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Current tax		
Provision for the year	–	54
Withholding tax	3,309	–
Deferred income tax	10,608	(9,823)
Income tax expense/(credit)	13,917	(9,769)

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 loss before taxation can be reconciled as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Loss before taxation	(106,560)	(105,407)
Tax calculated at tax rates applicable to profits of the respective subsidiaries	(20,044)	(21,027)
Expenses not deductible for tax purposes	735	694
Temporary difference for which no deferred tax asset/(liability) was recognised	127	(360)
Tax losses for which no deferred tax asset was recognised	13,513	14,184
Utilisation of the tax losses unrecognized previously	(301)	(728)
Effect of change in tax rate on deferred tax balance	18,536	–
Super deductions from research and development expenditures	(1,958)	(2,532)
Withholding tax	3,309	–
Income tax expense/(credit)	13,917	(9,769)

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 subsidiary in Indonesia is subject to Indonesia corporate income tax at a rate of 22% 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, save for disclosed below.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

13. INCOME TAX EXPENSE/(CREDIT) (Continued)

Pursuant to the relevant laws and regulation in the PRC, the Group's subsidiaries, China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. ("**Huaxing Tat Hong**"), Jiangsu Zhongjian Tat Hong Machinery Construction Co. Ltd. ("**Zhongjian Tat Hong**"), and Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. ("**Ronghe Tat Hong**"), were accredited as high and new technology enterprises.

Huaxing Tat Hong was qualified in November 2021, and entitled to the preferential tax rate of 15% from 2021 to 2023. Zhongjian Tat Hong was qualified in November 2021 and renewed in November 2024, and entitled to the preferential tax rate of 15% from 2021 to 2026. Ronghe Tat Hong was qualified in December 2024, and entitled to the preferential tax rate of 15% from 2024 to 2026.

The Group benefits from a 100% pre-tax deduction ratio on R&D expenses and a 100% additional pre-tax deduction on qualifying equipment purchases, in accordance with applicable high-tech enterprise incentives.

14. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	60,890	67,345
Pension costs-defined contribution plans	4,986	6,390
Other social security and housing fund	9,320	11,944
Other employee benefits	2,970	2,838
	78,166	88,517

15. EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Five highest paid individuals

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	6,261	5,425
Discretionary bonuses	1,538	3,798
Pension costs-defined contribution plans	370	428
Other social security and housing fund	53	80
	8,222	9,731

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For the Year Ended 31 March 2025

15. EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Five highest paid individuals (Continued)

The annual emoluments of the five highest paid individuals, including two directors (2024: including two directors), within the following bands:

	Year ended 31 March	
	2025	2024
HKD500,000 to HKD1,000,000	1	—
HKD1,000,001 to HKD1,500,000	1	1
HKD1,500,001 to HKD2,000,000	1	2
HKD2,000,001 to HKD2,500,000	—	1
HKD2,500,001 to HKD3,000,000	2	1
	5	5

(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 2025:

Name	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses 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	413	93	—	2,506
Lin Han-wei	—	2,000	371	—	—	2,371
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	784	93	—	5,609

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

15. 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 2024:

Name	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses 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	481	93	–	2,574
Lin Han-wei	–	2,000	376	–	–	2,376
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	857	93	–	5,682

* Mr. Guo Jinjun has voluntarily waived director fee of RMB96,000 for the year ended 31 March 2025 and 2024.

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15. EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

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

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the years ended 31 March 2025 and 2024.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits for the years ended 31 March 2025 and 2024.

(iii) Consideration provided to third parties for making available directors' services

During the years ended 31 March 2025 and 2024, the Company did not pay consideration to any third parties for making available directors' services.

(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 38, 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 2025 and 2024.

(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 2025 and 2024.

16. DIVIDENDS

No dividend has been paid or proposed during the year (2024: Nil).

17. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the financial year. 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 year is the same as the basic loss per share as there is no dilutive potential share during the current and previous year.

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Loss attributable to the ordinary equity holders of the Company	(120,553)	(95,638)
Weighted average number of ordinary shares in issue ('000)	1,166,871	1,166,871
Basic and diluted loss per share (RMB)	(0.10)	(0.08)

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18. INVESTMENT IN SUBSIDIARIES

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Investment in unlisted shares	913,059	909,293

The following is a list of subsidiaries at 31 March 2025:

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
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

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For the Year Ended 31 March 2025

18. 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	
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
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	RMB1,500,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Tat Hong Equipment (HK) Limited	Hong Kong 18 May 2023	Limited liability company	HKD800,000	49%	51%	Installation, maintenance and leasing of construction machinery and equipment, in Hong Kong
PT Tatrindo Equipment Service	Indonesia 18 May 2024	Limited liability company	IDR10,001,000,000	–	60%	Installation, maintenance and leasing of construction machinery and equipment, in Indonesia

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19. 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 and 1 April 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
Year ended 31 March 2024							
Opening net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070
Additions	4,337	163,711	180	1,077	2,125	4,760	176,190
Disposals	(15,704)	(26,101)	(166)	(87)	–	–	(42,058)
Depreciation	(1,687)	(222,330)	(1,565)	(1,319)	(1,485)	–	(228,386)
Transfer	15,669	5,955	–	25	–	(21,649)	–
Net book amount	35,496	1,502,797	3,941	4,862	5,835	3,885	1,556,816
As at 31 March 2024							
Cost	38,610	2,477,061	11,631	12,660	18,841	3,885	2,562,688
Accumulated depreciation	(3,114)	(974,264)	(7,690)	(7,798)	(13,006)	–	(1,005,872)
Net book amount	35,496	1,502,797	3,941	4,862	5,835	3,885	1,556,816
Year ended 31 March 2025							
Opening net book amount	35,496	1,502,797	3,941	4,862	5,835	3,885	1,556,816
Additions	2,290	245,703	914	861	3,183	1,090	254,041
Disposals	–	(45,540)	(277)	(23)	–	–	(45,840)
Depreciation	(1,796)	(219,825)	(1,312)	(1,332)	(1,361)	–	(225,626)
Transfer	–	1,923	–	–	70	(1,993)	–
Net book amount	35,990	1,485,058	3,266	4,368	7,727	2,982	1,539,391
As at 31 March 2025							
Cost	40,900	2,523,698	10,616	13,329	22,094	2,982	2,613,619
Accumulated depreciation	(4,910)	(1,038,640)	(7,350)	(8,961)	(14,367)	–	(1,074,228)
Net book amount	35,990	1,485,058	3,266	4,368	7,727	2,982	1,539,391

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19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Cost of sales	218,253	224,382
General and administrative expenses	6,728	3,481
Research and development expenses	640	523
Selling and distribution expenses	5	–
	225,626	228,386

As at 31 March 2025, the Group pledged machineries with carrying amount of approximately RMB928,759,000 (2024: RMB966,710,000) for the bank borrowings and other borrowings of the Group (Note 32(v)).

As at 31 March 2025, the Group pledged buildings with carrying amount of approximately RMB4,679,000 (2024: RMB4,962,000) for the bank borrowings of the Group (Note 32(v)).

20. 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	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets		
Land-use rights	11,530	11,942
Machinery	124,870	56,955
Office	7,466	10,615
Warehouse	23,331	20,609
Others	612	1,072
	167,809	101,193
Lease liabilities		
Current	48,711	26,138
Non-current	92,965	58,306
	141,676	84,444

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20. LEASES (Continued)

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

Additions to the right-of-use assets during the year ended 31 March 2025 were RMB120,966,000 (2024: RMB60,337,000).

As at 31 March 2025, the lease liabilities of RMB32,842,000 (2024: RMB18,869,000) were secured by the pledge of the machinery with the carrying value of RMB41,224,000 (2024: RMB16,399,000).

As at 31 March 2025, the land-use rights with carrying value of approximately RMB11,530,000 (2024: RMB11,942,000) were secured for the bank borrowings of the Group (Note 32(v)).

(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	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	412	412
Machinery	36,066	42,870
Office	4,993	5,494
Warehouse	5,647	4,956
Others	763	1,067
	47,881	54,799
Interest expense (included in finance costs)	7,581	5,278

The total cash outflow for leases of the year ended 31 March 2025 were RMB100,204,000 (2024: RMB76,838,000).

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21. INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
As at 31 March 2023 and 1 April 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
Year ended 31 March 2024			
Opening net book amount	3,682	17,494	21,176
Amortisation charge (Note 11)	(802)	(3,664)	(4,466)
Net book amount	2,880	13,830	16,710
As at 31 March 2024			
Cost	9,902	36,654	46,556
Accumulated amortisation	(7,022)	(22,824)	(29,846)
Net book amount	2,880	13,830	16,710
Year ended 31 March 2025			
Opening net book amount	2,880	13,830	16,710
Additions	844	–	844
Amortisation charge (Note 11)	(795)	(3,659)	(4,454)
Net book amount	2,929	10,171	13,100
As at 31 March 2025			
Cost	10,746	36,654	47,400
Accumulated amortisation	(7,817)	(26,483)	(34,300)
Net book amount	2,929	10,171	13,100

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21. INTANGIBLE ASSETS *(Continued)*

Amortisation of the intangible assets has been recognised as follows:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Cost of sales	–	3,842
General and administrative expenses	4,454	624
	4,454	4,466

22. OTHER NON-CURRENT ASSETS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Prepayments for non-current assets (Note 26)	84,788	51,472
Deposits	40,071	24,458
Others	5,245	5,317
	130,104	81,247

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25. TRADE RECEIVABLES

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Accounts receivables	706,927	754,428
Less: provision for impairment	(22,994)	(19,958)
	683,933	734,470

The majority of the Group's receivables are with credit terms from 30 days to 90 days. At 31 March 2025 and 2024, the aging analysis of the trade receivables, based on invoice date were as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
0 to 180 days	371,217	439,817
181 days to 365 days	80,437	105,702
1 to 2 years	132,898	130,033
More than 2 years	122,375	78,876
	706,927	754,428

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 2025, the Group pledged accounts receivable with carrying amount of approximately RMB236,907,000 (2024: RMB233,124,000) for the bank borrowings of the Group (Note 32(v)).

The Group's trade receivables were denominated in RMB.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

26. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Recoverable value-added tax ("VAT")	51,324	51,444
Prepayments to vendors	108,623	63,158
Receivables for disposal of property, plant and equipment	29,871	20,728
Staff and vendors advances	13,230	29,966
Prepaid expenses	5,666	6,212
Insurance claim receivables	3,677	4,012
Prepayments to related parties (Note 38)	3,264	–
Receivables for labour costs	–	1,887
Amounts due from related parties (Note 38)	3,762	720
Others	2,226	1,669
	221,643	179,796
Less: prepayments for non-current assets (Note 22)	(84,788)	(51,472)
	136,855	128,324

The carrying amounts of other receivables approximate their fair values.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets at fair value through other comprehensive income comprise:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Commercial acceptance notes	3,980	13,580
Bank acceptance notes	9,051	1,994
	13,031	15,574

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

28. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Cash and cash balances	145,901	139,308
Less: Restricted cash (i)	(370)	(370)
	145,531	138,938

Cash and bank balances are denominated in the following currencies:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
RMB	140,983	138,308
HKD	2,103	758
USD	66	124
SGD	82	118
IDR	2,667	–
	145,901	139,308

(i) The restricted cash represents the following balances:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Deposits for borrowing (Note 32(v))	370	370

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For the Year Ended 31 March 2025

29. SHARE CAPITAL

	Number of shares Authorised '000	Number of Shares Issued '000	Share Capital USD'000	Share Capital RMB'000
As at 31 March 2024 and 2025 (ordinary shares of USD0.08 each)	1,875,000	1,166,871	93,350	593,026

30. RESERVES

Reserves of the Group during the years ended 31 March 2025 and 2024 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 include translation reserves and share-based payments under the share award scheme contributed by the shares of the Company offered by the controlling shareholders of the Company. On March 25, 2022, 30,664,491 shares held by TH Straits 2015 Pte. Ltd., a shareholder of the Company, were granted to senior management at no cost, recognised as employee benefits at fair value on the grant date.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

31. DEFERRED INCOME TAX

The analysis of net deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Deferred income tax assets:		
to be recovered within 12 months	23,122	17,095
to be recovered after more than 12 months	9,955	3,684
Total deferred tax assets	33,077	20,779
Set-off with deferred tax liabilities	(33,077)	(20,779)
Net deferred income tax assets	-	-

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Deferred income tax liabilities:		
to be recovered within 12 months	31,790	30,230
to be recovered after more than 12 months	69,700	48,354
Total deferred tax liabilities	101,490	78,584
Set-off with deferred tax assets	(33,077)	(20,779)
Net deferred income tax liabilities	68,413	57,805

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

31. 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 2023	12,425	2,689	14,544	2,254	198	1,816	33,926
Recognised in the profit or loss	(10,993)	(1,177)	(11,976)	(2)	1,094	9,907	(13,147)
At 31 March 2024	1,432	1,512	2,568	2,252	1,292	11,723	20,779
Recognised in the profit or loss	(115)	3,140	(317)	1,267	540	7,783	12,298
At 31 March 2025	1,317	4,652	2,251	3,519	1,832	19,506	33,077

	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 2023	(78,854)	(12,500)	(5,573)	(4,627)	(101,554)
Recognised in the profit or loss	7,388	9,814	5,544	224	22,970
At 31 March 2024	(71,466)	(2,686)	(29)	(4,403)	(78,584)
Recognised in the profit or loss	(23,510)	1,007	(403)	–	(22,906)
At 31 March 2025	(94,976)	(1,679)	(432)	(4,403)	(101,490)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

31. 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	
	2025	2024
	RMB'000	RMB'000
Tax losses expiring within 1 year	7,861	6,520
Tax losses expiring between 1-2 years	12,467	9,634
Tax losses expiring between 2-3 years	20,545	12,467
Tax losses expiring between 3-4 years	47,458	34,503
Tax losses expiring between 4-5 years	29,509	47,458
	117,840	110,582

Unrecognised temporary differences are as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Temporary difference for which no deferred tax (liability)/asset was recognised:		
– Capitalised cost	509	(1,440)
Unrecognised deferred tax (liability)/asset relating to the above temporary difference	127	(360)
Temporary difference for which no deferred tax liability was recognised:		
– Withholding tax for distributable retained profits of the Company's subsidiaries in the PRC	71,833	115,716
Unrecognised deferred tax liability relating to the above temporary difference	7,183	11,572

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.

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For the Year Ended 31 March 2025

32. BORROWINGS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Non-current		
Bank borrowings – Secured	413,609	514,903
Bank borrowings – Unsecured	32,686	3,414
Other borrowings	60,777	94,088
	507,072	612,405
Current		
Bank borrowings – Secured	442,459	395,232
Bank borrowings – Unsecured	9,956	42,290
Commercial papers (Note 32(vi))	119,447	–
Unsecured bank loans – supplier finance arrangements (Note 32(viii))	13,002	–
Other borrowings	30,689	45,954
	615,553	483,476
Total borrowings	1,122,625	1,095,881

(i) As at end of reporting period, the Group's borrowings were repayable as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Within 1 year	615,553	483,476
Between 1 and 2 years	359,236	174,941
Between 2 and 5 years	147,836	437,464
	1,122,625	1,095,881

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

32. BORROWINGS (Continued)

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

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
RMB	967,036	1,053,386
HKD	36,142	42,495
SGD	119,447	—
	1,122,625	1,095,881

(iii) The weighted average effective interest rates per annum for the years ended 31 March 2025 and 2024 were as follows:

	Year ended 31 March	
	2025	2024
SGD	5.4%	—
RMB	4.5%	5.0%
HKD	6.2%	6.4%

(iv) 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.

(v) Secured borrowings are pledged or guaranteed by the followings (Note 19, Note 20, Note 25 and Note 28):

Bank borrowings of RMB841,476,000 (2024: RMB910,135,000) are secured by the Group's machineries of RMB783,297,000 (2024: RMB782,606,000) (Note 19), building of RMB4,679,000 (2024: RMB4,962,000) (Note 19), land-use right of RMB11,530,000 (2024: RMB11,942,000) (Note 20), account receivables of RMB236,907,000 (2024: RMB233,124,000) (Note 25), and bank deposits of RMB390,000 (2024: RMB390,000) (Note 28).

Other borrowings of RMB91,466,000 (2024: RMB140,042,000) are secured by the Group's machineries of RMB145,462,000 (2024: RMB184,104,000) (Note 19).

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

32. BORROWINGS (Continued)

(vi) Commercial papers

On 3 April 2024, the Company has launched a SGD50 million multicurrency multi-series unsecured and unsubordinated commercial paper facility programmed (the “**SDAX Multicurrency CP Facility Programme**”) pursuant to which the Company may issue and list commercial paper in the form of security tokens in multiple series on the SDAX digital platform (the “**SDAX Platform**”) operated by SDAX Exchange Pte. Ltd., a company incorporated in Singapore that is a recognised market operator and regulated by the Monetary Authority of Singapore.

On 3 April 2024, the Company has launched the first issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.6% per annum and matures approximately three (3) months from the date of issuance (the “**3-month SGD Series 001 Issuance**”). On 23 April 2024, the Company raised approximately SGD5.36 million (equivalent to RMB28.51 million) through the SDAX Platform. Out of which SGD1 million (equivalent to RMB5.32 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder, and SGD1 million (equivalent to RMB5.32 million) was subscribed by Tat Hong Plant Leasing Pte. Ltd., a fellow subsidiary. The interest paid to Tat Hong International Pte. Ltd. was SGD13,962 (equivalent to RMB75,000), and the interest paid to Tat Hong Plant Leasing Pte. Ltd. was also SGD13,962 (equivalent to RMB75,000). The 3-month SGD Series 001 Issuance was fully settled during the year period ended 31 March 2025.

On 9 July 2024, the Company has launched the second issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.6% per annum and matures approximately three (3) months from the date of issuance (the “**3-month SGD Series 002 Issuance**”). On 23 July 2024, the Company raised approximately SGD17.62 million (equivalent to RMB94.36 million) through the SDAX Platform. Out of which SGD10 million (equivalent to RMB53.56 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder and SGD1 million (equivalent to RMB5.36 million) was subscribed by Tat Hong Plant Leasing Pte. Ltd., a fellow subsidiary. The interest paid to Tat Hong International Pte. Ltd. was SGD141,151 (equivalent to RMB758,000), and the interest paid to Tat Hong Plant Leasing Pte. Ltd. was SGD14,115 (equivalent to RMB76,000). The 3-month SGD Series 002 Issuance was fully settled during the year period ended 31 March 2025.

On 9 October 2024, the Company has launched the third issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.4% per annum and matures approximately three (3) months from the date of issuance (the “**3-month SGD Series 003 Issuance**”). On 23 July 2024, the Company raised approximately SGD21.75 million (equivalent to RMB117.18 million) through the SDAX Platform. Out of which SGD10 million (equivalent to RMB53.88 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder and SGD1 million (equivalent to RMB5.39 million) was subscribed by Tat Hong Plant Leasing Pte. Ltd., a fellow subsidiary. The interest paid to Tat Hong International Pte. Ltd. was SGD136,110 (equivalent to RMB733,000), and the interest paid to Tat Hong Plant Leasing Pte. Ltd. was SGD13,611 (equivalent to RMB73,000). The 3-month SGD Series 003 Issuance was fully settled during the year period ended 31 March 2025.

On 9 January 2025, the Company has launched the forth issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.2% per annum and matures approximately three (3) months from the date of issuance (the “**3-month SGD Series 004 Issuance**”). On 23 January 2025, the Company raised approximately SGD22.05 million (equivalent to RMB118.77 million) through the SDAX Platform. Out of which SGD8.65 million (equivalent to RMB46.59 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder. The interest payable to Tat Hong International Pte. Ltd. was SGD82,566 (equivalent to RMB611,000) as at 31 March 2025.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

32. BORROWINGS *(Continued)*

(vii) The details of loan covenants of the Group's bank borrowing are as follows:

Certain Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related borrowings would become payable on demand.

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 March 2025. Further details of the covenants and the Group's management of liquidity risk are set out in Note 6.1.

(viii) Bank loans arising from supplier finance arrangements:

The Group has entered into certain reverse factoring arrangements with a bank, under which the Group obtained extended credit in respect of the invoice amounts owned to a related company of trading in nature.

Under these arrangements, the bank pay a related company of trading in nature the amounts owed by the Group on the original due dates, which are normally 30 to 180 days after the invoice date for the comparable trade payables that are not part of the supplier finance arrangement within the same business line. The Group then settles with the banks between 360 days after the original due dates with the related company of trading in nature, with interest.

In the consolidated financial statement of financial position, the Group has presented the payables to the banks under these arrangements as "bank borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables. As at 31 March 2025, the carrying amount of financial liabilities under these arrangements amounted to RMB13 million of which the related company of trading in nature have received payments from the banks. These arrangements were guaranteed by Fushun Yongmao Construction Machinery Co., Ltd., a related company.

In the consolidated statement of cash flows, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the related company of trading in nature by the bank amounting to RMB13 million are non-cash transactions.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

33. TRADE AND BILLS PAYABLES

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Accounts payable	317,669	290,801
Bills payable	47,553	36,970
	365,222	327,771

As at 31 March 2025 and 2024, 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	
	2025	2024
	RMB'000	RMB'000
Within 3 months	122,356	116,143
Between 3 months and 1 year	122,497	114,223
Between 1 year and 2 years	45,922	50,623
Between 2 years and 3 years	21,548	6,840
Between 3 years and 5 years	3,046	821
Over 5 years	2,300	2,151
	317,669	290,801

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

As at 31 March 2025 and 2024, the aging of bills payable was within one year.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

34. OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Current		
Payroll and welfare payables	8,679	11,180
Other taxes payable	6,294	5,751
Accrued expenses	9,928	5,922
Interest payables	5,259	4,370
Others	3,112	4,213
	33,272	31,436

The carrying amounts of other payables and accruals approximate their fair values.

35. PROVISIONS

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Non-current		
Decommissioning liabilities	32,825	24,906
Current		
Decommissioning liabilities	38,805	31,762

The movement of the provisions is as follows:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	56,668	75,482
Provisions for decommissioning liabilities	108,400	68,413
Incurred and charged against the provision	(93,438)	(87,227)
At the end of the year	71,630	56,668

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

36. CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Loss before income tax	(106,560)	(105,407)
Adjustment for:		
Depreciation of property, plant, and equipment and right-of-use assets and amortisation of intangible asset	277,961	287,651
Losses on disposal of property, plant and equipment and right-of-use assets	1,652	5,630
Finance costs – net	61,376	63,572
Provision for impairment losses of financial assets and contract assets	3,101	3,327
Net exchange differences	(683)	38
Operating profit before changes in working capital	236,847	254,811
Changes in working capital:		
Decrease in restricted cash	–	3,053
Decrease/(increase) in inventories	9,323	(4,880)
Decrease in contract assets	17,812	60,929
Decrease/(increase) in trade receivables	47,501	(106,726)
Decrease in financial assets at fair value through other comprehensive income	2,543	6,351
Decrease/(increase) in other operating assets	359	(4,076)
Increase/(decrease) in trade and bills payables	50,453	(59,497)
(Decrease)/increase in contract liabilities	(571)	1,635
Increase/(decrease) in other operating liabilities	1,325	(6,295)
Cash generated from operations	365,592	145,305

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

36. CASH FLOW INFORMATION (Continued)

(a) Cash generated from operations (Continued)

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	
	2025	2024
	RMB'000	RMB'000
Net book amount	45,840	47,612
Losses on disposal of property, plant and equipment and right-of-use assets	(1,652)	(5,630)
Receivables for disposal of property, plant and equipment	(9,143)	(5,554)
Proceeds from disposals of property, plant and equipment and right-of-use assets	35,045	36,428

(b) Significant non-cash investing activities

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Acquisitions of property, plant and equipment with settlement of trade receivables	–	58,748
Settlement of trade payables using supplier finance arrangements	13,002	–
Total	13,002	58,748

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

36. CASH FLOW INFORMATION (Continued)

(c) Net debt reconciliation

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Cash and bank balances	145,901	139,308
Borrowings and interest payables	(1,127,884)	(1,100,251)
Lease liabilities	(141,676)	(84,444)
Net debt	(1,123,659)	(1,045,387)

	Cash and bank balances RMB'000	Borrowings and interest payables RMB'000	Lease liabilities RMB'000	Total RMB'000
Net debt as at 31 March 2023	158,974	(985,133)	(85,658)	(911,817)
Cash flows	(19,628)	(55,876)	61,275	(14,229)
Acquisitions	–	–	(54,783)	(54,783)
Interest accrued	–	(57,227)	(5,278)	(62,505)
Foreign exchange adjustments	(38)	(2,015)	–	(2,053)
Net debt as at 31 March 2024	139,308	(1,100,251)	(84,444)	(1,045,387)
Cash flows	5,910	42,864	64,846	113,620
Acquisitions	–	–	(114,497)	(114,497)
Settlement of trade payables using supplier finance arrangements	–	(13,002)	–	(13,002)
Interest accrued	–	(55,663)	(7,581)	(63,244)
Foreign exchange adjustments	683	(1,832)	–	(1,149)
Net debt as at 31 March 2025	145,901	(1,127,884)	(141,676)	(1,123,659)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

37. COMMITMENTS

(i) Capital commitments

As at end of reporting period, the Group had the following capital commitments:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	8,557	3,060

(ii) Lease commitments

As at end of reporting period, the Group had the following lease commitments:

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
No later than 1 year	5,148	7,636

38. 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")
Tat Hong HeavyEquipment (Hong Kong) Limited	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.	Controlled by Yongmao

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38. 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	
	2025	2024
	RMB'000	RMB'000
Controlled by Yongmao	20,518	11,396

(ii) Sale of property, plant and equipment to a related party

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Controlled by Yongmao	1,738	3,412

(iii) Rental expenses for short-term leases

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Controlled by Yongmao	2,344	8,723
Under common control by THH	25	133
	2,369	8,856

(iv) Addition of right-of-use assets

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Controlled by Yongmao	—	—

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38. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

(v) Professional fee to related parties

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Under common control by THH	62	–

(c) Balances with related parties

(i) Receivables from related parties

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade		
Accounts receivable		
– Controlled by Yongmao	292	7,350
 Other receivables		
– Under common control by THH (Note 26)	164	–
– Controlled by Yongmao (Note 26)	3,598	720
	3,762	720

(ii) Prepayments to related parties

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade		
Controlled by Yongmao (Note 26)	3,264	–

(iii) Right-of-use assets

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets		
Controlled by Yongmao	–	1,217

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

38. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(iv) Payables to related parties

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Trade		
Accounts payable		
– Controlled by Yongmao	28,561	30,074
– Under common control by THH	86	400
	28,647	30,474
 Bills payable		
– Controlled by Yongmao	–	1,994

(v) Lease Liabilities

	As at 31 March	
	2025	2024
	RMB'000	RMB'000
Lease liabilities		
Controlled by Yongmao	–	220

(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:

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Salaries, bonus and other welfare	11,862	11,218

No emoluments have been paid to directors and senior management as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2025 and 2024.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 March	
	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Prepayments and other receivables		2,802	2,768
Investment in subsidiaries	18	912,086	909,293
		914,888	912,061
Current asset			
Prepayments and other receivables		373,227	326,270
Cash and cash equivalents		83,021	92,390
		456,248	418,660
Total assets		1,371,136	1,330,721
LIABILITIES			
Non-current liabilities			
Borrowings		200,692	201,528
		200,692	201,528
Current liabilities			
Other payables and accruals		5,488	4,541
Borrowings		153,011	69,189
		158,499	73,730
Total liabilities		359,191	275,258
EQUITY			
Share capital		593,026	593,026
Share premium and other reserves (Note)		585,930	585,930
Accumulated losses (Note)		(167,011)	(123,493)
Total equity		1,011,945	1,055,463
Total equity and liabilities		1,371,136	1,330,721

Approved by the Board of Directors on 13 June 2025 and are signed on its behalf by:

Yau Kok San
Director

Lin Han-wei
Director

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2025

39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note:

Reserve movement of the Company

	Share premium and other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2023	585,930	(110,701)	475,229
Loss for the year	–	(12,792)	(12,792)
At 31 March 2024	585,930	(123,493)	462,437
At 1 April 2024	585,930	(123,493)	462,437
Loss for the year	–	(43,517)	(43,517)
At 31 March 2025	585,930	(167,010)	418,920

40. SUBSEQUENT EVENT

Save as disclosed in note 32(iv) to these consolidated financial statements, the Company has launched the SDAX Multicurrency CP Facility Programme on 3 April 2024, pursuant to which the Company may issue and list commercial paper in the form of security tokens in multiple series on the SDAX Platform. On 8 April 2025, the Company has launched the fifth issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.05% per annum and matures approximately three (3) months from the date of issuance (the “**3-month SGD Series 005 Issuance**”). On 24 April 2025, the Company raised SGD22.34 million (equivalent to RMB123.22 million) through the SDAX Platform. Out of which SGD8.65 million (equivalent to RMB47.71 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder.

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

	For the year ended 31 March				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Results					
Revenue	634,561	682,292	770,752	867,020	792,959
Gross profit	71,101	80,760	173,231	234,139	273,283
(Losses)/profit before income tax	(106,560)	(105,407)	(37,133)	45,870	135,909
Income tax (expenses)/credit	(13,917)	9,769	1,320	1,765	(34,674)
(Losses)/profit for the year	(120,477)	(95,638)	(35,813)	47,635	101,235

ASSET AND LIABILITIES

	As at 31 March				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Assets					
Non-current assets	1,875,698	1,779,763	1,900,598	1,726,040	1,340,719
Current assets	1,231,545	1,298,198	1,252,447	1,192,594	1,141,021
Total assets	3,107,243	3,077,961	3,153,045	2,918,634	2,481,740
Equity and liabilities					
Total equity	1,302,445	1,421,425	1,517,619	1,569,833	1,550,929
Non-current liabilities	701,275	753,422	766,515	608,098	498,680
Current liabilities	1,103,523	903,114	868,911	740,703	432,131
Total liabilities	1,804,798	1,656,536	1,635,426	1,348,801	930,811
Total equity and liabilities	3,107,243	3,077,961	3,153,045	2,918,634	2,481,740