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

ANNUAL REPORT 2026

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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. Wang Dongjie *(appointed on 12 August 2025)*
Mr. Guo Jinjun *(resigned on 12 August 2025)*

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
Ms. Pan I-Shan *(appointed on 12 August 2025)*

COMPANY SECRETARY

Ms. Oh Sim Yee *(resigned on 12 June 2026)*
Ms. Lam Chin Hei *(appointed on 12 June 2026)*

AUTHORISED REPRESENTATIVES

Mr. Yau Kok San
Ms. Oh Sim Yee *(resigned on 12 June 2026)*
Ms. Lam Chin Hei *(appointed on 12 June 2026)*

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 2026.

FINANCIAL PERFORMANCE

The Group's revenue decreased by approximately 8.3% from RMB634.6 million for the year ended 31 March 2025 to RMB581.7 million for the year ended 31 March 2026. Although the average monthly service price of tower cranes per tonne metres (TM) in use increased from RMB202 to RMB204, our total tonne metre (TM) in use decreased from 3,137,910 for the year ended 31 March 2025 to 2,852,146 for the year ended 31 March 2026.

The Group's gross profit decreased by approximately 21.2% from RMB71.1 million for the year ended 31 March 2025 to RMB56.0 million for the year ended 31 March 2026, 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 2026 amounted to RMB119.8 million, representing a decrease of RMB0.7 million or 0.6% from the year ended 31 March 2025. Such decrease in losses resulted from the decrease in general and administrative expenses and the adjustment on deferred tax, which was offset by the decrease in gross profit.

As at 31 March 2026, we had 250 projects in progress with a total outstanding contract value of approximately RMB668.3 million and 75 projects on hand of total expected contract value at approximately RMB148.8 million.

PROSPECTS

Industry Environment and Strategic Adjustment

During the financial year, the construction machinery industry experienced weakened market demand and declining service prices for tower cranes, leading to intensified market competition. In response to these challenges, the Group has continuously optimised its business structure, adjusted its market strategies, and gradually reduced its exposure to the real estate sector. At the same time, the Group has closely followed national clean energy policies, focusing on the construction of nuclear power plants, advancing new thermal power projects, and actively exploring opportunities in wind power initiatives. Leveraging its extensive industry experience, proven engineering capabilities, and leading innovation capacity, the Group has established significant competitive advantages in the clean energy sector. Looking ahead, the Group will continue to refine its clean energy business portfolio, further enhancing its risk resilience and market adaptability.

Overseas Expansion and Core Business Upgrade

In FY2026, the Group has accelerated its internationalisation process and deepened its localised operations in the Greater Bay Area and Indonesia. Maintaining its focus on medium- and large-tonnage tower cranes, the Group has successfully served key projects in Hong Kong and Indonesia. Going forward, clean energy and overseas markets will serve as the Group's dual core growth engines to drive profitability. The Group will continue to optimise its overseas business structure, expand market share in key regions, and steadily enhance the profit contribution of its core businesses.

Chairman's Statement

Technological Innovation and Digital Transformation

The Group has consistently increased its investment in technological research and development as well as digital management transformation. As of 31 March 2026, the Group owned 177 registered patents for utility models and inventions relating to tower cranes. By strengthening its capabilities in developing technical solutions, the Group has continuously improved its service quality and maintained a competitive edge in project bidding. The Group will continue to advance technological innovation and digital transformation, persistently enhancing its internal management systems, thereby laying 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, 12 June 2026

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, the supply and demand mismatch had resulted in high levels of market competition in the entire construction machinery industry.

During this financial year, in response to weak market demand, the Group has formulated differentiated strategies according to prevailing circumstances, continuously optimised its business mix, and systematically reduced the revenue contribution from real estate-related operations. At the same time, the Group actively responded to the national call for the development of clean energy, closely followed market trends and growth potential, and focused on the deployment of thermal power, nuclear power and wind power projects. Given that clean energy projects generally feature long construction periods and large-scale investments, the Group has built significant competitive advantages by leveraging its extensive industry experience, mature construction techniques and strong technical capabilities. Furthermore, the Group accelerated its overseas market presence, implemented operating strategies through its subsidiaries in the Greater Bay Area and Indonesia, and continued to expand its fleet of large and medium-sized tower cranes. As of the end of the reporting period, large ton-metre tower cranes accounted for the majority of projects in Hong Kong and Indonesia. In summary, clean energy (including wind power) and overseas projects will remain the Group's key development priorities going forward.

During the financial year, we managed a total of 1,129 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 2026, we possess 177 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 RMB119.8 million for the year ended 31 March 2026 representing a decrease of loss of approximately 0.6% as compared with the net loss of approximately RMB120.5 million for the year ended 31 March 2025. This decrease in loss was primarily due to the decrease in general and administrative expenses and the adjustment on deferred tax, which was offset by the decrease in gross profit.

FUTURE DEVELOPMENT

During this financial year, despite the continued downturn in China's real estate market and construction industry, the Group has responded swiftly by adjusting its development strategy. It has actively expanded into the clean energy construction sector and extended its geographical footprint to the Greater Bay Area and Indonesia, in order to effectively navigate the current challenging and rapidly changing business environment. Looking ahead to the next financial year, the Group will continue to consolidate its competitive position in these new business segments and regional markets, seizing any new opportunities that may arise.

Guided by its core values of "Virtue (厚德), Safety (安全) and Excellence (卓越)," the Group remains focused on the research and development of new technologies for tower cranes, striving to deliver superior services to customers with strong technical capabilities. During the year, the Group successfully implemented the "TOP" and "iSmartCon" digital management platforms. In the coming year, it will further optimize business operations and digital management systems to promote resource sharing and achieve cost reduction and efficiency enhancement. Through these measures, the Group firmly believes it can steadily realize its corporate vision of becoming the best construction equipment service provider.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 8.3% from RMB634.6 million for the year ended 31 March 2025 to RMB581.7 million for the year ended 31 March 2026. Although the average monthly service price of tower cranes per tonne metres (TM) in use increased from RMB202 to RMB204, our total tonne metre (TM) in use decreased from 3,137,910 for the year ended 31 March 2025 to 2,852,146 for the year ended 31 March 2026.

Cost of Sales

Our cost of sales decreased by approximately 6.7% from RMB563.5 million for the year ended 31 March 2025 to RMB525.7 million for the year ended 31 March 2026. The decrease in cost of sales was primarily due to a decrease in labour subcontracting cost.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 21.2% from RMB71.1 million for the year ended 31 March 2025 to RMB56.0 million for the year ended 31 March 2026. Our overall gross profit margin decreased from approximately 11.2% for the year ended 31 March 2025 to approximately 9.6% for the year ended 31 March 2026.

Other income

Our other income for the year ended 31 March 2026 amounted to approximately RMB2.5 million, representing a decrease of approximately RMB1.4 million or 35.9% as compared to that of approximately RMB3.9 million for the year ended 31 March 2025. The other income mainly comprised of management fee income, government grants and value-added tax refunds. The decrease was primarily attributed to decrease in management fee income.

Research and development expenses

Our research and development expenses increased from approximately RMB15.4 million for the year ended 31 March 2025 to approximately RMB21.4 million for the year ended 31 March 2026. This was mainly due to an increase in patent development projects.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 4.6% from approximately RMB15.4 million for the year ended 31 March 2025 to approximately RMB14.7 million for the year ended 31 March 2026. Such decrease was mainly due to a decrease in marketing and consulting fees.

General and administrative expenses

Our general and administrative expenses decreased by approximately RMB6.9 million or 8.1% from approximately RMB85.3 million for the year ended 31 March 2025 to RMB78.4 million for the year ended 31 March 2026. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such decrease was primarily attributable to a decrease in travelling expenses.

Finance costs

Our finance costs increased by approximately RMB1.7 million or 2.7% from approximately RMB62.3 million for the year ended 31 March 2025 to RMB64.0 million for the year ended 31 March 2026. The increase was mainly due to an increase in interest expenses arising from lease liabilities.

Management Discussion and Analysis

Income tax credit

Our income tax credit for the year ended 31 March 2026 amounted to approximately RMB22.5 million, as compared to income tax expense of approximately RMB13.9 million for the year ended 31 March 2025. The swing from tax expense to tax credit was mainly due to the recognition of tax losses as deferred tax assets, which result in a net tax credit for the year ended 31 March 2026.

Loss for the year

As a result of the foregoing reason, the Group recorded a loss of RMB119.8 million for the year ended 31 March 2026 as compared to a loss of RMB120.5 million for the year ended 31 March 2025, representing a decrease of approximately RMB0.7 million or approximately 0.6%.

Working capital structure

The Group's net current assets amounted to RMB80.0 million as at 31 March 2026, representing a decrease of RMB48.0 million from 31 March 2025, which was mainly due to a decrease in trade receivables.

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 2026, the cash and cash equivalents plus restricted cash were RMB146.5 million, representing an increase of approximately RMB0.6 million when compared with those as at 31 March 2025.

The Group's current ratio, which represents the total sum of current assets, divided by the total sum of current liabilities, was 1.08 times as at 31 March 2026, as compared to that of 1.12 times as at 31 March 2025.

The gearing ratio of the Group, which represents the total liabilities divided by the total assets, was 59.0% as at 31 March 2026, as compared to that of 58.1% as at 31 March 2025. The increase in gearing ratio was mainly attributable to an increase in lease liabilities.

Pledge of assets

As at 31 March 2026, the Group pledged machineries with carrying amount of approximately RMB502.3 million (2025: RMB928.8 million) for the bank borrowings and other borrowings of the Group.

As at 31 March 2026, the Group pledged accounts receivable with carrying amount of approximately RMB143.5 million (2025: RMB236.9 million) for the bank borrowing of the Group.

As at 31 March 2026, the land-use rights with carrying value of approximately RMB11.1 million (2025: RMB11.5 million) were secured for the bank borrowings of the Group.

As at 31 March 2026, the buildings with carrying value of approximately RMB4.4 million (2025: RMB4.7 million) were secured for the bank borrowings of the Group.

Lease Liabilities

The lease liabilities increased by 9.1% from approximately RMB141.7 million as at 31 March 2025 to approximately RMB154.6 million as at 31 March 2026. This was mainly due to an increase in finance leases for tower cranes.

As at 31 March 2026, the lease liabilities of RMB21.5 million (2025: RMB32.8 million) were secured by the pledge of machinery with carrying value of RMB36.6 million (2025: RMB41.2 million).

CAPITAL COMMITMENT

As at 31 March 2026, the contracted but not provided property, plant and equipment was RMB61.7 million, representing an increase of RMB53.1 million compared with RMB8.6 million as at 31 March 2025.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange gain for the year ended 31 March 2026 amounted to approximately RMB4.7 million, representing an increase of approximately RMB4.0 million as compared to that of approximately RMB0.7 million for the year ended 31 March 2025. The Group mainly operates in the PRC with most of the transactions settled in RMB. 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 has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2026.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2026 (2025: 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 2026, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2026, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2026, the Group did not have any significant investment or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2026, the Group employed around 682 employees who include the Directors of the Company and those of subsidiaries (2025: 677 employees). The total employee benefit expense for the year ended 31 March 2026 was RMB80.3 million, an increase of 2.7% when compared with that for the year ended 31 March 2025.

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.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

On 9 April 2026, the Company has launched the ninth 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 4.4% per annum and matures approximately three (3) months from the date of issuance. For further details, please refer to the announcement of the Company dated 9 April 2026.

Save as disclosed in this report, there were no other significant events that might affect the Group since 31 March 2026 and up to the date of this report.

CREDIT RISK MANAGEMENT OF TRADE RECEIVABLES

As at 31 March 2026, trade receivables were RMB636.3 million, representing a decrease of RMB47.7 million when compared with those for the year ended 31 March 2025. 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.

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.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YAU Kok San (邱國燊) ("Mr. Yau"), aged 63, 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**"), ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd. (formerly known as China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.*) (中禾華興達豐機械工程有限公司，前稱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 Chenzhu New Energy Technology Development Co., Ltd. (formerly known as Chongqing Tat Hong Machinery Construction Co., Ltd.)* (重慶達豐晨築新能源科技发展有限公司，前稱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). He is also a commissioner of PT Tatrindo Equipment Service.

Mr. Yau has more than 18 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 62, 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 27 years in corporate management and operations. Since 1997, he worked at Goyoyo Information Ltd. (悠游訊息有限公司) and left his position as the chief executive officer. He was responsible for devising business development plans, and raising fund for the operation of the company. In June 2003, he joined QilinSoft (China) Ltd. (麒麟遠創(中國)有限公司), responsible for a number of managerial duties including team building and business operation, and left in June 2008 as vice president and general manager of Beijing R&D centre. From June 2009 to November 2019, he served at Tat Hong China, one of the controlling shareholders of the Group, as assistant general manager (seconded to Shanghai Tat Hong). Since July 2021, Mr. Lin has been appointed a non-executive director of Horngshiue Holding Co., Ltd., a company listed on the Main Board of the Taiwan Stock Exchange (stock code: 2243). Since September 2025, Mr. Lin has served as an independent director of Brain Power (Qingyuan) Co., Ltd. (欣强電子(清遠)股份有限公司), which is a large-scale printed circuit board manufacturer that focuses on the production of storage products circuit board, high-density circuit board and soft and hard board.

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 73, 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 48 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 also the director of Tat Hong Equipment (China) Pte. Ltd., Tat Hong International Pte. Ltd., Tat Hong Holdings Ltd, TH60 Investments Pte. Ltd. and THSC Investments Pte. Ltd., the controlling shareholders of the Company. He resigned as a director of Chwee Cheng & Sons Pte. Ltd., a controlling shareholder of the Company on 1 May 2026.

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

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

Biographical Details of Directors and Senior Management

Mr. SUN Zhaolin (孫兆林) ("Mr. Sun"), aged 70, 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 28 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 40, 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 17 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.

Mr. WANG Dongjie (王東傑) ("Mr. Wang"), aged 54, was appointed as a Non-executive Director of the Company on 12 August 2025. Mr Wang has over 31 years of experience in China's construction engineering industry, including his tenure as general manager of the Equipment Leasing Company of China Nuclear Industry Huaxing Construction Co., Ltd.* (中國核工業華興建設有限公司) ("**China Nuclear Industry**"), Mr. Wang holds Professional Qualification Certificates as a Class 1 Construction Engineer in both Architectural Engineering and Highway Engineering.

Biographical Details of Directors and Senior Management

Mr. Wang has held various key positions and accumulated extensive management experience since he joined China Nuclear Industry in December 1994. From December 1994 to January 2001, he served as a clerk of the Party Office in the Third Engineering Company of China Nuclear Industry; then from January 2001 to March 2008, he successively served as director of the Party and Administration Office, chief of the Metal Products Plant, and party secretary and deputy manager of the Project Department at the Installation Branch of China Nuclear Industry (renamed the Steel Structure Branch of China Nuclear Industry in 2004); from March 2008 to October 2012, he served as the captain of the steel structure team and assistant to the general manager of the Hongyanhe Nuclear Power Project Department of China Nuclear Industry; from October 2012 to November 2014, he served as party branch secretary and deputy manager of the Steel Structure Engineering Management Department of China Nuclear Huayu Engineering Co., Ltd. (中核華譽工程有限責任公司) and project manager of 600,000 Cubic Meters Oil Storage and Transportation Project Department of Zhejiang Tianlu Energy Co., Ltd. (浙江天禄能源有限公司) in Zhoushan; from November 2014 to January 2016, he served as party secretary, deputy general manager, secretary of the Discipline Inspection Commission, and head of the Labor Union of National Nuclear Demonstration Project Department of China Nuclear Industry; from January 2016 to March 2017, he served as the manager of the Nuclear Power Industry Workers Management Center of China Nuclear Industry; from March 2017 to September 2021, he served as the deputy general manager of the Infrastructure Division of China Nuclear Industry; from September 2021 to March 2023, he served as general manager and deputy secretary of the Party Committee of the Equipment Leasing Company of China Nuclear Industry; since March 2023 to date, he has been serving as general manager and deputy secretary of the Party Committee at the Guohe No. 1 Demonstration Project Department of China Nuclear Industry.

Mr. Wang obtained a college degree in business administration from Yangzhou University in March 2005 and a bachelor's degree in civil engineering from Hunan University of Science and Technology in June 2011.

Independent Non-executive Directors

Ms. PAN I-Shan (潘宜珊) ("Ms. Pan"), aged 49, 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, a member of the Remuneration Committee and a member of the Nomination Committee (appointed on 12 August 2025) 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 26 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 59, 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 29 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. From July 2020 to November 2025, Mr. Wan served as Managing Director of Investments of APAC of Singtel Innov8 Pte Ltd, the corporate venture capital arm of Singtel.

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, and was subsequently reappointed to the position in July 2025. From June 2025, Mr. Wan was appointed as independent director of Info-Tech Systems Ltd., a company listed on the Main Board of the Singapore Exchange Limited (stock code: ITS), which is a one-stop Software-as-a-Service and digital solution provider for small and medium enterprises, delivering secure and scalable cloud-based business software that enables organisations to digitalise and streamline their operations.

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 63, 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.

Biographical Details of Directors and Senior Management

Dr. Huang has more than 34 years of experience in international political economy, international business and relations, and foreign direct investment. From January 1991 to July 1992, Dr. Huang served as a senior staff at the Ministry of Foreign Affairs of Taiwan, where he was responsible for Taiwan-United States diplomatic and business exchanges, and economic and trade negotiations and affairs. From July 1998 to January 2005, Dr. Huang worked as an associate research fellow at the Taiwan Institute of Economic Research, in charge of Taiwan free trade agreement study, national southbound policy and establishing regular economic forums between Taiwan and other nations. In February 2005, he became deputy director of the institute, primarily responsible for Taiwan free trade agreement study, national southbound policy, cross-strait economic cooperation and Taiwan-Central America comprehensive economic cooperation. Dr. Huang was later in January 2008 promoted to director general of the institute and continued to promote economic affairs and cooperation for public and private sectors until he left his position in December 2011 and served as a research fellow from January 2012 to February 2012, focusing on study of new economic issues relating to regional and global concerns. Since July 2013, Dr. Huang has been the director general and distinguished research fellow of Commerce Development Research Institute in Taiwan, providing policy and strategic advices and reports to government authorities covering economic and commercial issues.

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

Mr. CAI Yufei (蔡欲飛) ("Mr. Cai"), aged 41, was appointed as the chief financial officer of the Group since 16 April 2026. He 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. Mr. Cai has about 18 years of experience in auditing, financial management and corporate financing. Prior to joining our Group, he worked as a senior associate at PricewaterhouseCoopers Zhongtian LLP from August 2007 to January 2010. He served as deputy director of finance department in Tat Hong Zhaomao from January 2010 to November 2016 and was its head of corporate financing department from December 2016 to August 2017. He joined Riverine China Holdings Limited (Hong Kong Stock Exchange, Stock Code: 1417), which is a comprehensive provider of urban public services in the PRC and engaged in the provision of property management service, leases services of commercial buildings, catering services and integrated urban sanitary services, as assistant to chief financial officer. He was appointed as the chief financial officer, joint authorised representative and joint company secretary of Riverine China respectively on 1 May 2019, 1 July 2022 and 1 August 2022, and served as his last positions.

Mr. Cai obtained a bachelor's degree in Economics with a major in Finance from Tongji University (同濟大學) in 2007.

Mr. ZHU Hui (朱輝) ("Mr. Zhu"), aged 60, 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 38 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) in July 2022.

Mr. SHEN Shiping (沈世平) ("Mr. Shen"), aged 67, is the chief engineer of the Group. He joined the Group in January 2010 and he is primarily responsible for different phases of the Group's tower crane service, 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 resigned as the general manager of Changzhou Tat Hong on 31 March 2023. He was appointed as the chief safety officer of the Group on 1 May 2023, and is responsible for the Group's safety management, supervising related safety incidents, emergency response, improving safety construction and other safety matters.

Mr. Shen has over 40 years of experience in research and development and manufacturing, property development, business operation, engineering services, and safety management chain in the construction machinery product. Since 1982, he has been engaged in the technical retrofitting and design of lifting equipment, as well as the development, design, manufacturing, and corporate management of tower cranes product. 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 development, construction and designs of commercial and residential properties. From January 2009 to January 2010, he served in 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.

From April 1990 to April 1996, 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 April 1996, he was awarded the third prize of the "Eighth Five" Construction Technological Achievements*(「八五」工程科技成果三等獎) from the Sichuan Huashi Group Head Company* (四川華西集團總公司). In August 1991, he was recognized as an Outstanding Intellectual Worker* (知識分子先進工作者) during the "Seventh Five" period by the Sichuan Provincial Construction Engineering Head Company* (四川省建築工程總公司). In 1993, he was honored as an Outstanding Individual* (先進個人) and the honorary title of Sichuan Provincial Young Expert in the position* (四川省青年崗位能手) from the Sichuan Huashi Group Head Company* (四川華西集團總公司) for 1993. 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 industry.

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.

Biographical Details of Directors and Senior Management

Mr. SHI Jun (仕軍) ("Mr. Shi"), aged 53, is 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 daily business operation and management of Ronghe Tat Hong.

Mr. Shi has over 30 years of experience in the construction engineering and machinery industry. In July 1994, he joined China Nuclear Industry, one of the shareholders of the Group, as a machinery repair technician and later became a nuclear power station project technician in September 1997. In July 2000, he worked in China Nuclear Industry Group Huaxing Construction Company* (中國核工業集團華興建設公司) as a manager of the technical safety department. In June 2004, Mr. Shi joined Jiangsu China Nuclear Huaxing Machinery Construction Co., Ltd* (江蘇中核華興建築機械施工有限公司), which was later renamed as Huaxing Tat Hong, as a manager. In June 2007, he was promoted and worked as the vice general manager of Huaxing Tat Hong until he became the general manager of Ronghe Tat Hong in August 2019.

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

Mr. JIANG Tao (姜弢) ("Mr. Jiang"), aged 44, 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 19 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 46, 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 22 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.

Biographical Details of Directors and Senior Management

Mr. YU Chunlei (于春雷) ("Mr. Yu"), aged 44, 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.

Mr. Yu has more than 20 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 and resigned from such position in September 2023.

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.

* *for identification purposes only*

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 2026 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 2026 and up to the date of this annual report.

COMPETING INTEREST

For the year ended 31 March 2026, 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 statues, laws, rules and regulations. All Directors participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains sound and advances. Directors provide their records of training to the Company from time to time.

During the FY 2026, Mr. Wang Dongjie was appointed as a Non-executive Director with effect from 12 August 2025. He has obtained the legal opinions referred to in Rule 3.09D of the Listing Rules on his appointment date and has confirmed his understanding of his responsibilities as a director of a listed issuer.

Corporate Government Report

The attendance record of professional training received by the Directors during the year ended 31 March 2026 is as follows:

Name of Director	Nature of continuous professional development programmes
Mr. Yau Kok San	A/B/C
Mr. Lin Han-wei	A/B/C
Mr. Ng San Tiong	A/B/C
Mr. Sun Zhaolin	A/B/C
Mr. Guo Jinjun *(Resigned on 12 August 2025)*	A
Mr. Wang Dongjie *(Appointed on 12 August 2025)*	A/B/C
Mr. Liu Xin	A/B/C
Ms. Pan I-Shan	A/B/C
Mr. Wan Kum Tho	A/B/C
Dr. Huang Chao-Jen	A/B/C

Notes:

A: Participating 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.

C: Participating web symposium from external specialist institutions.

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 2026, out of the Company's 682 employees, approximately 82.3% were men and 17.7% 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 27 November 2025 and, amongst other matters, considered and approved the unaudited interim results for the six months ended 30 September 2025.

During the year ended 31 March 2026, seven Board meetings were held. The attendance record of each Director is set out in the table below:

Name of Director	Attendance/ Number of Board meetings held during a Director's tenure
Executive Directors	
Mr. Yau Kok San *(Chief Executive Officer)*	7/7
Mr. Lin Han-wei	7/7
Non-executive Directors	
Mr. Ng San Tiong *(Chairman)*	7/7
Mr. Sun Zhaolin	3/7
Mr. Guo Jinjun *(Resigned on 12 August 2025)*	0/2
Mr. Wang Dongjie *(Appointed on 12 August 2025)*	5/5
Mr. Liu Xin	3/7
Independent Non-executive Directors	
Ms. Pan I-Shan	7/7
Mr. Wan Kum Tho	7/7
Dr. Huang Chao-Jen	7/7

During the year ended 31 March 2026, the Chairman had met with the independent non-executive Directors without the presence of the executive Directors.

General Meetings

One general meeting was held during the year ended 31 March 2026. The attendance record of each Director is set out in the table below:

Name of Director	Attendance/ Number of General Meetings held during a Director's tenure
Executive Directors	
Mr. Yau Kok San *(Chief Executive Officer)*	1/1
Mr. Lin Han-wei	1/1
Non-executive Directors	
Mr. Ng San Tiong *(Chairman)*	1/1
Mr. Sun Zhaolin	1/1
Mr. Guo Jinjun *(Resigned on 12 August 2025)*	0/0
Mr. Wang Dongjie *(Appointed on 12 August 2025)*	1/1
Mr. Liu Xin	0/1
Independent Non-executive Directors	
Ms. Pan I-Shan	1/1
Mr. Wan Kum Tho	1/1
Dr. Huang Chao-Jen	1/1

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 2026, the Audit Committee mainly performed the following duties.

- reviewed our Group's the audited annual results for the year ended 31 March 2025 and the unaudited interim report for the six months ended 30 September 2025, 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 2026, 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 *(Chairlady)*	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 2026, 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 2025; and

- recommended to the Board the remuneration package of Mr. Wang Dongjie, a Non-executive Director of the Company. Such recommendation has been adopted by the Board.

During the year ended 31 March 2026, 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 *(Chairman)*	2/2
Ms. Pan I-Shan	2/2
Dr. Huang Chao-Jen	2/2

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

Remuneration band	Year ended 31 March 2026 Number of individuals
HKD500,000 to HKD1,000,000	2
HKD1,000,001 to HKD1,500,000	–
HKD1,500,001 to HKD2,000,000	1
HKD2,000,001 to HKD2,500,000	2
HKD2,500,001 to HKD3,000,000	–

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. The Terms of Reference of the Nomination Committee which were adopted by the Board on 15 December 2020 have been revised by the Board on 12 August 2025. The revised Terms of Reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

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 three Independent Non-executive Directors, namely Ms. Pan I-Shan, 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 2026, 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 2025;

- reviewed the Board Diversity Policy;

- reviewed the background of the retiring Directors and determined whether the retiring Directors continue to meet the criteria to be re-elected in the 2025 AGM of the Company to be held on 26 September 2025, and made commendations to the Board on the re-election of retiring Directors;

- reviewed the background of and nominated Mr. Wang Dongjie as the Non-executive Director. Such nomination has been adopted by the Board; and

- nominated Ms. Pan I-Shan as a member of the nomination committee. Such nomination has been adopted by the Board.

During the year ended 31 March 2026, two Nomination Committee meeting were held. The attendance record of each member of the Nomination Committee is set out in the table below:

Name of Members of the Nomination Committee	Attendance/ Number of Nomination Committee meetings held during a Director's tenure
Mr. Ng San Tiong *(Chairman)*	2/2
Mr. Wan Kum Tho	2/2
Dr. Huang Chao-Jen	2/2
Ms. Pan I-Shan *(Appointed on 12 August 2025)*	1/1

Nomination Policy

The Board has reviewed its nomination policy on 12 June 2026 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.

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.

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.

Corporate Government Report

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 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 2026. 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 102 to 108 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.

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 2026 is set out below:

Services rendered	**Service Category Fees Paid/Payable** *RMB'000*
Audit service	1,982
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.

Corporate Government Report

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.

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 2026 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 2026 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.

Corporate Government Report

Whistleblowing Policy

In compliance with code provision D.2.3 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.

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 2026, 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 2026 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 2026, 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 2026, 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 resigned as the Company Secretary of the Company with effect from 12 June 2026. On the same date, Ms. Lam Chin Hei ("**Ms. Lam**") of SWCS Corporate Services Group (Hong Kong) Limited, an external corporate services provider, was appointed as the Company Secretary of the Company. Accordingly, as at the date of this annual report, the Company Secretary of the Company is Ms. Lam.

Ms. Lam is an Assistant Manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 5 years of experiences in corporate secretarial field. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since 2023. In addition, she holds a Bachelor of Business Administration degree in Finance from City University of Hong Kong and a Master of Law degree in International Economic Law from The Chinese University of Hong Kong.

The primary contact person of Ms. Oh and Ms. Lam 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 2026, the Company has made some amendments to its Articles of Association in order to (i) enable the Company to comply with the latest regulatory requirements in relation to hybrid meetings, electronic voting and the relevant amendments made to the Listing Rules; (ii) allow the Company to hold repurchased shares as treasury shares; and (iii) make some housekeeping amendments. The second amended and restated Memorandum of Association and fourth amended and restated Articles of Association was adopted by a special resolution passed in the annual general meeting on 26 September 2025. A copy of the second amended and restated Memorandum of Association and fourth 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 27 August 2025.

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 2026.

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 2026 are set out in the consolidated statement of comprehensive income on page 109 of this annual report.

DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2026 (2025: nil).

ANNUAL GENERAL MEETING

The 2026 annual general meeting ("**2026 AGM**") of the Company is scheduled to be held on Thursday, 24 September 2026.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Monday, 21 September 2026 to Thursday, 24 September 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. The record date for determining the eligibility of the Shareholders to attend and vote at the 2026 AGM will be Thursday, 24 September 2026. In order to be eligible to attend and vote at the 2026 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 Friday, 18 September 2026.

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.

KEY RISKS AND UNCERTAINTIES

The Group is subject to the following key risks and uncertainties in its operations:

- Our performance is dependent on the development of the construction and tower crane service industries in the PRC, which in turn, largely depend on the general economic conditions and government policies;

- We derived a significant portion of our revenue from our major customers, failure to maintain our business relationship with or secure new business from these major customers may materially and adversely affect our business, results of operations and financial condition;

- Our ability to compete for projects largely depends on the availability of our tower cranes, and failure to accurately plan the future deployment of tower cranes or purchase or rent the necessary tower cranes in a timely manner may materially and adversely affect our business, results of operations and financial condition;

Report of the Directors

- Our business operates under various permits, licences, approvals and/or qualifications and the loss of or failure to obtain or renew any or all of these permits, licences, approvals and/or qualifications may materially and adversely affect our business, results of operations and financial condition;

- We are subject to extensive safety and health regulations, the requirement to comply with which may be difficult or expensive and may materially and adversely affect our business, results of operations and financial condition;

- We may be involved in claims and are subject to litigation risks and our business, results of operations and financial condition may be materially and adversely affected;

- Significant competition in our operating market can reduce our market share and may materially and adversely affect our business, results of operations and financial condition; and

- Adverse weather and seasonal conditions, natural disasters, acts of God, political unrest and other events may have a negative impact on our operations.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five years ended 31 March 2026 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 2026 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 2026 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 2026 are set out in Note 19 to the consolidated financial statements.

Report of the Directors

DISTRIBUTABLE RESERVES

As at 31 March 2026, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB395.5 million (as at 31 March 2025: approximately RMB418.9 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2026 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 2026 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.

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 2026 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 *(Resigned on 12 August 2025)*
Mr. Wang Dongjie *(Appointed on 12 August 2025)*

Independent Non-executive Directors:

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

Note: Due to work re-arrangement, Mr. Guo Jinjun has tendered his resignation as a Non-executive Director with effect from 12 August 2025.

Report of the Directors

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 2026.

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 one or three months' notice in writing to the other and subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company (the "**Articles of Association**"). Their emoluments were determined by the Board on the recommendation of the Remuneration Committee by reference to their experience, responsibilities and duties with the Company and shall be reviewed annually by the Remuneration Committee and by the Board.

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

EMOLUMENTS POLICY

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

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals in the Group for the year ended 31 March 2026 are set out in Note 15 to the consolidated financial statements. Mr. Guo Jinjun waived his director's fee of RMB34,981 for the period from 1 April 2025 to 12 August 2025. Mr. Wang Dongjie waived his director's fee of RMB61,019 for the period from 12 August 2025 to 31 March 2026.

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.

Report of the Directors

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**

   As at the date of the 2026 Annual Report, the total numbers of shares available for issue under the Share Option Scheme was 116,687,125 Shares (equivalent to 10% of the total number of Shares in issue as at the Listing Date), representing 10% of the total number of issued Shares (excluding treasury shares) as of the date of this annual report.

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 (excluding treasury shares) 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.

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

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

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

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

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

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

8. **The basis of determining the exercise price**

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

9. **The remaining life of the Shares Option Scheme**

   The Share Option Scheme is valid and effective for a period of ten (10) years commencing on the Listing Date. The remaining life of the Share Option Scheme is around four (4) years as of the date of this annual report.

   As at 1 April 2025 and 31 March 2026, 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. Accordingly, the number of Shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 March 2026, divided by the weighted average number of Shares in issue (excluding treasury shares) for the year ended 31 March 2026, was nil.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2026, 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 2026
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; 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	RMB 17.7 million

As at 31 March 2026, 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.

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.

Report of the Directors

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 2026 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2026, 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:

(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**") *(Notes 1&2)*	Trustee	814,472,387 ordinary Shares	69.80%
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%

Report of the Directors

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

Name of Directors	Name of associated corporation	Capacity	Approximate percentage of interest
Mr. Ng (Notes 1&2)	Chwee Cheng & Sons Pte. Ltd. ("**Chwee Cheng & Sons**")	Trustee	38.33%
		Beneficial owner	13.64%

Notes:

1. Tat Hong China Equipment (China) Pte. Ltd. ("**Tat Hong China**") directly holds approximately 68.87% of the issued capital of the Company and held approximately 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015 Pte. Ltd. ("**TH Straits 2015**"). Tat Hong China is owned as to approximately 88.40% by Tat Hong International Pte. Ltd. ("**Tat Hong International**") and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee, as joint trustees of the Chwee Cheng Trust (an irrevocable discretionary trust established by Mr. Ng's father, with Mr. Ng and his family members as beneficiaries and Mr. Ng, Ng Sun Ho, Ng San Wee and Ng Sun Giam 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 2026, 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 2026, the following Shareholders (other than the interests of the Directors and the chief executives of the Company) had interests in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be kept under Section 336 of the SFO:

Long position Shares, underlying Shares and debentures

Name	Capacity/ Nature of Interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Tat Hong China *(Note 1)*	Beneficial owner and interest in controlled corporations	813,532,387	69.72%
Tat Hong International *(Note 1)*	Interest in controlled corporations	813,532,387	69.72%
Tat Hong Holdings *(Note 1)*	Interest in controlled corporations	813,532,387	69.72%
THSC Investments *(Note 1)*	Interest in controlled corporations	813,532,387	69.72%
TH60 Investments *(Note 1)*	Interest in controlled corporations	813,532,387	69.72%
Chwee Cheng & Sons *(Notes 1&2)*	Interest in controlled corporations	814,472,387	69.80%
Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee *(Notes 1&2)*	Trustee	814,472,387	69.80%
PHILLIP CAPITAL (HK) LIMITED *(Note 3)*	Beneficial owner	64,738,000	5.55%
LIM Hua Min *(Note 3)*	Interest in controlled corporations	64,738,000	5.55%

Notes:

1. Tat Hong China Equipment (China) Pte. Ltd. ("**Tat Hong China**") directly holds approximately 68.87% of the issued capital of the Company and held approximately 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015 Pte. Ltd. ("**TH Straits 2015**"). Tat Hong China is owned as to approximately 88.40% by Tat Hong International Pte. Ltd. ("**Tat Hong International**") and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee, as joint trustees of the Chwee Cheng Trust (an irrevocable discretionary trust established by Mr. Ng's father, with Mr. Ng and his family members as beneficiaries and Mr. Ng, Ng Sun Ho, Ng San Wee and Ng Sun Giam 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.

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 2026, 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 2026, 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 2026.

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 2026, 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 2026, the Group's largest customer and five largest customers accounted for 18% (2025: 14%) and 49% (2025: 45%) of the Group's total revenues respectively. During the year ended 31 March 2026, the Group's largest supplier and five largest suppliers accounted for 35% (2025: 21%) and 54% (2025: 47%) of the Group's total purchases respectively.

During the year ended 31 March 2026, 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 2026.

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 2026 or at any time during the year ended 31 March 2026.

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 2026, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale or transfer of treasury shares).

Report of the Directors

CHARITABLE DONATION

During the year ended 31 March 2026, the Group has made a charitable donation amounted to approximately RMB30,000 (31 March 2025: RMB48,600).

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 2026 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.

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 (deceased), 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.

Report of the Directors

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 2026 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 2026 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 2026. 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 2026 and up to the date of the Declaration.

DIRECTOR' INTEREST IN COMPETITIVE BUSINESS

During the year ended 31 March 2026 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 2026.

AUDITOR

PricewaterhouseCoopers ("**PwC**") retired as the auditors of the Company at the conclusion of the 2023 annual general meeting of the Company held on 28 September 2023. Following the retirement of PwC, RSM Hong Kong was appointed as the new auditor of the Company to fill the casual vacancy with effect from 28 September 2023.

The consolidated financial statements of the Company for the year ended 31 March 2026 have been audited by RSM Hong Kong, who will retire and, being eligible, offer themselves for re-appointment at the 2026 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 2026 AGM.

Save as disclosed above, there was no change in auditor of the Company in any of the preceding three years.

On behalf of the Board
Mr. Ng San Tiong
Chairman
Hong Kong/the PRC
12 June 2026

Environmental, Social and Governance Report

ABOUT THE REPORT

This Environmental, Social and Governance Report (the "**ESG Report**", or the "**Report**") is the sixth 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 April 2025 to 31 March 2026 (the "**Reporting Year**", or the "**Reporting Period**"). The scope of this Report is consistent with that of last year's report and covers Tat Hong Equipment Service Co., Ltd. and its subsidiaries.

Reporting Standard

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 four 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 serves as the Group's highest authority and decision-making body for environmental, social, and governance (ESG) matters. To ensure the effective advancement of ESG initiatives, the Group has established a three-tier ESG management framework. The Board comprehensively coordinates and oversees ESG-related matters, promotes the Group's core ESG principles, clearly defines the management functions and accountability at each level, and ensures the effective implementation of the ESG strategy through a top-down implementation mechanism.

To ensure the Group's sound operations, the Board exercises its oversight responsibilities regarding corporate governance and risk management through a combination of annual approvals and ongoing supervision. Specifically, the Board approves the Corporate Governance Report annually and reviews the Internal Control and Risk Management Work Report issued by a third-party organization. Building on this foundation, the Board continuously monitors the implementation of risk management policies and evaluates the effectiveness of the internal control system, thereby establishing a comprehensive oversight loop to ensure that the Group's ESG risk management and internal control systems remain effective, appropriate, and under control at all times.

The Group has established a regular reporting and oversight mechanism: Senior management reports quarterly to the Board on business operations and development plans. Based on these reports, the Board exercises oversight and provides guidance on ESG-related matters that may impact the Company's business, employees, shareholders, and other stakeholders. To further advance ESG initiatives, the Board has established an ESG Task Force, authorizing it to regularly collect and evaluate data on ESG environmental and social performance indicators, closely monitor the progress and performance of key initiatives, and promptly issue early warnings and provide professional recommendations regarding potential significant ESG risks.

Management and Strategies

Guided by the principle of sustainable development, the Board has deeply integrated ESG objectives into the corporate's long-term strategy and daily management systems. In the decision-making process, the Board places great emphasis on the expectations and concerns of all stakeholders. Through active communication, it comprehensively considers both the external macro-environment and the Company's strategic objectives to thoroughly assess and identify risks and opportunities in the environmental, social, and governance domains. On this basis, the Board is responsible for identifying, organizing, prioritizing, and dynamically managing material ESG issues. It adjusts ESG management objectives as appropriate and continuously improves ESG performance, thereby driving the Group's sustainable development across the economic, environmental, and social dimensions.

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 Company'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.

Environmental, Social and Governance Report

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.

	Baseline Year		Target Year	
Fiscal 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 156,622.00 hours, achieving the training target for the fiscal year 2026.

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 2026 and was approved by the Board on 12 June 2026.

Looking ahead, the Board will further strengthen the strategic leadership of our ESG initiatives, continuously monitoring and enhancing the Group's overall performance in environmental, social, and governance areas. We will work hand in hand with all stakeholders to actively address the challenges posed by climate change and further strengthen the positive environmental and social impact of our business operations. Leveraging our deep technical expertise and professional capabilities, we are committed to solidifying the green, safe, and environmentally friendly foundations of the tower crane service industry value chain, providing sustained momentum to drive the sustainable development of the entire industry chain.

Environmental, Social and Governance Report

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 and factory construction, commercial building and residential building mainly in the PRC.

During the Fiscal Year, the Group managed a total of 1,129 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.

The Group has extensively deployed an integrated information system to ensure the efficient management and execution of business operations. During the Reporting Period, we coordinated business operations in a centralized and visualized manner through the operation of an integrated information platform developed in-house. This system, jointly developed by senior management and the R&D team, covers core management areas of daily operations, including projects, procurement, insurance, administration, and finance. Specifically, through our internal equipment management and scheduling system, we precisely track the procurement cycles, configuration statuses, and utilization rates of tower cranes and their components. Relying on our expense control system, we implement strict, comprehensive, and reasonable refined management of project costs to ensure projects proceed according to plan. At the same time, using our self-developed insurance management system, we track the progress of insurance claims in real time. Together, these systems form our efficient digital operational management system.

Environmental, Social and Governance Report

Business Philosophy

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

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 maintained a stable, reputable and loyal customer base in the construction industry in the PRC.

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
2025 Jiangsu Provincial "Specialized, Refined, Distinctive, and Innovative" Small and Medium-sized Enterprise	Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd	Jiangsu Provincial Department of Industry and Information Technology
Letter of Commendation	ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd.	China Energy Engineering Group Jiangsu Electric Power Construction First Engineering Co., Ltd.
AAA Credible Enterprise	ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd.	Shanghai Construction Machine Trade Association
2024 Annual Outstanding Team Award	ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd.	China Nuclear Industry Huaxing Construction Co., Ltd. — San'ao Nuclear Power Project Department
2025 Q2 Four-Star Outstanding Team	ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd.	China Nuclear Industry Huaxing Construction Co., Ltd. — Lianjiang Nuclear Power Project Department
Outstanding Supplier	Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.	The Third Construction Co., Ltd. of China Construction First Group
Top 10 Sub-suppliers	Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.	China Construction Third Engineering Bureau Group Co., Ltd. —General Contracting Company

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-tierd 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.

Environmental, Social and Governance Report

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	Plan and 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 and Enforcement	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 established clear ESG priorities and broke down performance indicators into detailed targets by department to drive systematic improvements in ESG performance across all departments. By deeply integrating ESG principles into our daily business operations, we are committed to achieving the goals of standardization, digitization, and measurability in our ESG initiatives. To better manage the Group's ESG-related risks, drive the implementation of ESG policies across all departments, and enhance the efficiency and effectiveness of ESG initiatives, the Company resolved to expand the scope of responsibilities of the ESG Task Force to include climate-related matters effective 15 October 2025. This group is overseen by Executive Directors and will report regularly to the Board. It will provide guidance on the formulation and implementation of the Company's sustainability strategy, ensuring that ESG and climate-related considerations are incorporated into the Company's business operations and decision-making processes. This will assist the Board in assessing and determining the adequacy and effectiveness of the Group's risk management and internal control systems regarding ESG and climate-related matters. At the same time, the Group places great emphasis on improving the quality of ESG information disclosures and continuously optimizes its report preparation standards to ensure more accurate and reliable disclosure of key ESG data to stakeholders.

The Group remains committed to maintaining strict compliance with regulatory requirements, closely monitoring developments in ESG policies and regulations, and integrating relevant standards into its ESG governance system. During the Reporting Period, the ESG Task Force took proactive steps in preparation for the "Environmental, Social, and Governance Reporting Code", which takes effect on 1 January 2025: it systematically reviewed the Group's ESG governance structure and formulated a plan to address the new regulations; Concurrently, in accordance with the "Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework", the Group actively advanced the identification and inventory of Scope 3 greenhouse gas emissions, further analyzed the impacts of climate change risks, and refined response measures, striving to ensure a smooth transition and effective alignment with the new regulatory requirements.

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/Contents
Shareholders/ Investors	• Interim reports and annual reports, announcements and circulars • Investor meetings • Shareholder meetings • Official website, email and telephone	• Investment returns • Strategic direction of the Company • Information transparency • Business integrity • Compliance operation • Enterprise risk management • Truthfulness, timeliness and completeness of information disclosure	• Publication of interim and annual reports, announcements and circulars related to business decisions • Organizing annual general meetings • Releasing important business news on the Company's website and public account
Customers	• Customer satisfaction survey • Regular customer visits • Online service platforms • Official websites, emails, telephone communications	• Quality and diversified products and services • Reliable and timely after-sales service • Business privacy and information security	• Stringent procurement standards • Ensuring fulfillment of contractual responsibilities • Regular equipment testing, repair and maintenance • Quick response to customers' requirements • Permission setting of information systems • Comprehensive customer management system • Enhancing the after-sales service experience of users
Employees	• Employee satisfaction surveys • Employee performance self-assessment and appraisal • Annual employee meetings • Regular employee training • Congress of workers and staff • Employee Handbook	• Equal employment, compensation and benefits • Labour rights, humanistic care • Work environment health • Occupational safety and health • Career development • Work-life balance	• Updating and training employee codes • Establishing employee representative unions to protect the basic rights of employees • Holding annual employee meetings to increase communication channels • Optimizing employee training programs and promotion channels • Providing competitive salary and benefits • Organizing team building

Environmental, Social and Governance Report

Stakeholders	Communication Channels	Concerns and Expectations	Key Responses/Contents
Suppliers	• Supplier management procedures • Supplier evaluation system • Supplier meetings • Supplier site visits	• Transparent supply chain processes • Strict and sound procurement systems • Anti-corruption policies	• Rigid supplier selection standards • Sound supplier procurement systems • Standardized procurement processes • Anti-corruption training • Efficient and transparent supply chain management mechanisms • Regular supplier visits
Government/ Regulatory agencies	• Compliance reporting • Timely response to public inquiries • Oversight and inspection by regulatory authorities • Participation in government agency seminars and forum exchange activities	• Product and service 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 proactively	• 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	• Public welfare activities • Volunteer activities • Community seminars/ lectures/workshops	• Public welfare investment • Harmony in the community	• 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	• Results release • Press conference • Group website • Interview with senior management	• Commitments to corporate social responsibility	• Media conferences in the form of teleconferences • Regular news releases on the Company's performance

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

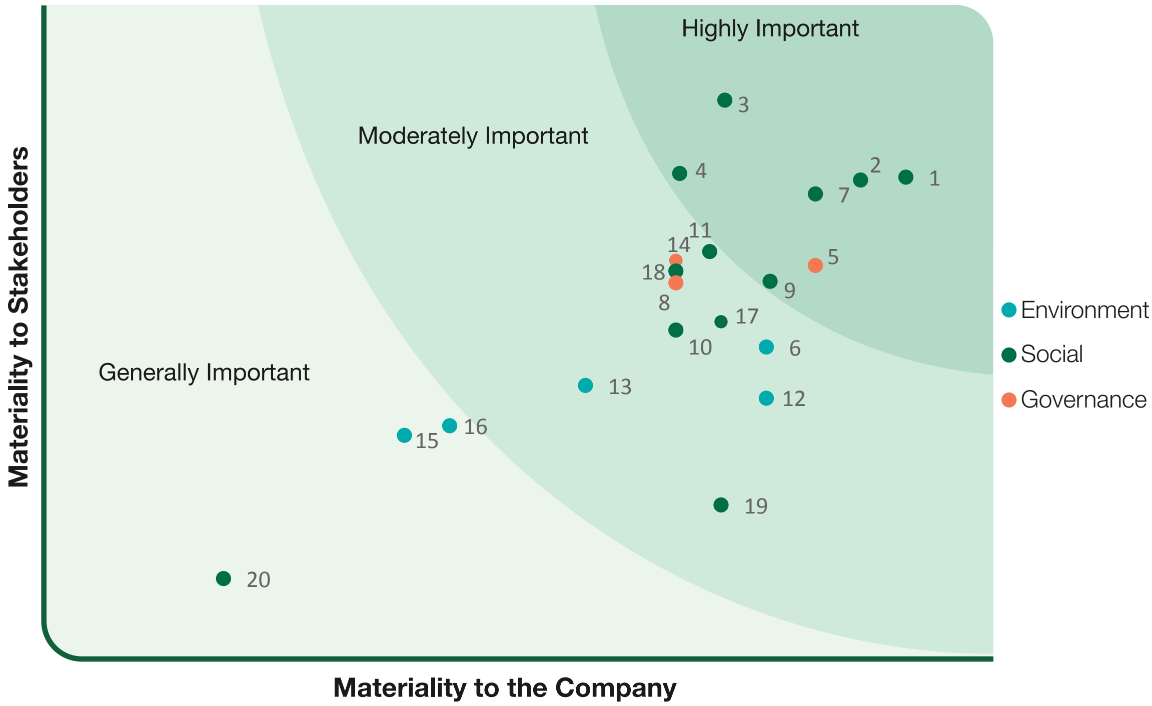
During the Reporting Period, the Group conducted an in-depth analysis of key ESG issues in accordance with the "materiality" principle of the ESG Reporting Guide, and with reference to industry characteristics and development trends, best practices of peer companies and material topics database of the Sustainability Accounting Standards Board (SASB). Through methods such as surveys, we gathered feedback from stakeholders including directors and senior management, employees, suppliers and banks. 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:

Review of results for the prior year	• Conduct peer benchmarking and review the materiality assessment results for the previous year with reference to the strategic direction
Identification of ESG issues	• Identify the Group's material ESG issues in accordance with the latest ESG Reporting Guide and with reference to industry characteristics and trends and peer benchmarking
Confirmation of materiality	• Based on the degree of impact on the Group and its stakeholders, conduct surveys of internal and external stakeholders and calculate and analyze the results to determine this year's ranking, thereby confirming the importance of various ESG issue
Verification of assessment results	• The ESG Task Force reviews the results of the materiality assessment, which are then confirmed by the Board

During the Reporting Year, we identified a total of 20 material ESG issues, including 5 environmental issues, 12 social issues, and 3 governance issues.

Environmental, Social and Governance Report



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

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 ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd. (中禾華興達豐機械工程有限公司), which are subsidiaries of the Group, obtained GB/T 19001/ISO 9001 Quality Management System certification.

Quality Assurance System

To safeguard equipment quality from the source, the Group has constructed a dual-track quality control system combining "equipment + supplier". On the equipment front, prior to the procurement or leasing of tower cranes, we systematically execute a three-step procedure encompassing selection review, applicability demonstration, and commissioning acceptance, thereby ensuring that their technical performance precisely matches customer needs and project realities. On the supplier front, we have established a dual-stage quality control mechanism. Prior to delivery, proactive communication and alignment are conducted with suppliers regarding customized specifications; post-delivery, rigorous acceptance and inspection procedures are implemented to ensure that the quality of components and spare parts fully complied with established standards. This full-process control mechanism lays a solid foundation for the subsequent safe and efficient operation of our equipment.

Equipment Quality Management

We are well aware that the quality, safety, and reliability of our equipment directly determine our service quality. The core equipment utilized by the Group primarily consists of tower cranes and related parts and components. To this end, we have established a strict quality control system covering the entire lifecycle of the equipment, exercising precise control over every stage from procurement and usage to maintenance, making every effort to ensure equipment quality and operational safety.

- *Equipment Purchase and Leasing*

  For suppliers of tower crane related parts and accessories, we have established a proactive communication mechanism to fully align on the required customized specifications, and implement stringent acceptance procedures upon product delivery to ensure that the quality of relevant parts and accessories meets the established project standards.

  In addition, for tower crane suppliers, we conduct additional inspections on their factory certificates to verify that the tower cranes they manufactured have passed quality inspections and comply with relevant laws and regulations.

Environmental, Social and Governance Report

- *Equipment Repair and Maintenance*

  To ensure that hoisting equipment consistently operates in its optimal condition, the Group has constructed a full-process maintenance management system based on "planning, implementation, supervision, and control". First, a scientifically sound maintenance plan is formulated in accordance with equipment conditions and national standards. Second, the specific implementation of routine care and maintenance is strictly supervised. Finally, full-process tracking and control are exercised over maintenance quality, thereby creating a management closed-loop. This mechanism not only ensures that equipment maintenance fully complies with national requirements, but also enables each piece of equipment put into project use to maintain excellent performance and long-term operational stability, providing a solid safeguard for the safe and efficient advancement of projects.

  To comprehensively safeguard maintenance quality, the Group has forged a maintenance quality management system characterized by "integrated internal and external governance with the entire process under control". For internal maintenance, we strictly control the selection of maintenance techniques by formulating maintenance control procedures and technical process standards to ensure that maintenance solutions are scientific and reasonable. Concurrently, we clearly designate responsible persons and establish acceptance procedures, forming a complete management closed-loop from the initial solution to final acceptance. For outsourced maintenance, we likewise implement rigorous admission and process control procedures, supervising the quality of outsourced processing and maintenance throughout the entire process. This ensures that regardless of the executing party, all deliverables align with the Group's quality standards and project requirements.

Project Quality Control

For the Group, ensuring equipment quality and safety is merely the starting point, while creating customer value that exceeds expectations remains our ultimate goal. We always place customer needs at the core. Through refined quality control across the entire project lifecycle, we extend our quality commitment from simply "meeting standards" to a higher echelon of "customer satisfaction". We are committed to not only fulfilling the explicit requirements of our customers and relevant parties but also pursuing excellence in every detail, striving to ensure that every delivery surpasses customer expectations to win long-term trust through premium quality.

- *Equipment Supply Guarantee*

  On the foundation of making every effort to ensure equipment quality and safety, we consistently uphold a customer-oriented philosophy. Through comprehensive quality control throughout the project execution process, we precisely satisfy the needs of customers and relevant parties while remaining dedicated to continuously exceeding their expectations.

  Facing the inherent challenge of long production cycles in the tower crane industry, the Group pivots from passive waiting to proactive strategic positioning, constructing a comprehensive and resilient supply system that covers both complete machines and components. At the complete machine level, we establish deep synergy and a stable, reliable backing with core suppliers through a long-term strategic cooperation mechanism; meanwhile, we reinforce the dynamic monitoring of existing equipment in the market to cultivate agile and rapid response capabilities. At the parts and accessories level, we further implement a diversified supplier strategy, typically maintaining no less than three qualified suppliers to ensure a stable and timely supply response under any circumstances. This supply system, characterized by the integration of "static and dynamic elements alongside the synergy between complete units and components", enables us to swiftly discover, precisely allocate, and efficiently supply resources when project demands suddenly emerge, ensuring that project advancement is never constrained by supply chain cycles.

- *Professional Technical Support*

  The Group firmly believes that professional services begin well before a project commences and run through its entire duration. To this end, we equip each project with an experienced professional team, extending our services forward to the early stages of the project. We proactively interface with customers and design units to gain a deep understanding of their needs, thereby tailoring professional and customized implementation plans. Upon entering the project execution phase, our team follows through the entire process, providing refined installation optimization solutions and precise operational commissioning services to ensure the flawless implementation of the design schemes. This end-to-end professional partnership provides a solid technical safeguard and value support for the smooth progression of our customers' projects.

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

  The installation and dismantling of tower cranes is a critical link in ensuring the subsequent safe operation of the equipment. To this end, we have constructed a quality and safety control system covering the entire process of erection and dismantling, formulating detailed quality and safety control procedures for each operational step to achieve closed-loop management from the source to final acceptance. Through strict procedural constraints and process supervision, we ensure that every erection and dismantling operation is compliant, precise, and safe, laying a solid foundation for the subsequent efficient and stable operation of the equipment.

  We ensure the safe operation of tower cranes through rigorous dual management and control of both personnel and equipment. On the personnel management front, we implement strict regulations for equipment operators, requiring them to fully comply with the "Equipment Operation Procedures" and strictly mandating pre-shift and handover inspection systems. Before the equipment is put into use, we have established a four-tier acceptance process to ensure rigorous control at every stage, which sequentially encompasses self-inspection by operators, commissioning and inspection by commissioning personnel, specialized acceptance by the safety department, and ultimately, independent acceptance by an entrusted third-party organization. Through these combined measures of strict personnel regulation and rigorous equipment inspection, we ensure that the equipment is put into project use in its optimal condition.

- *Quality Management of Labour Subcontracting*

  To ensure that the quality of labour subcontracting is not compromised by changes in executing parties, the Group has constructed a triple-safeguard system of "admission, supervision, and verification". Prior to project launch, we strictly control the admission process by conducting upfront reviews of the licenses and qualifications of labour subcontractors, screening qualified partners right from the source. During project execution, we appoint a dedicated project manager stationed on the front line to exercise full-process supervision over the subcontracted operations. At critical nodes, our management regularly conducts site inspections to perform independent verification of engineering quality. This progressive control mechanism ensures that every stage of labour subcontracting remains under control, guaranteeing that the final deliverables precisely satisfy customer expectations.

- *Quality Monitoring of Service Process*

  During the project service process, we strictly adhere to regulatory requirements such as the Control Procedures for Equipment Leasing and Service Process, embedding service quality control into every link of project execution to ensure that all services are carried out in a standardized and orderly manner.

  Continuous Customer Communication: The project team has established a normalized communication mechanism to maintain close alignment with clients on a daily or weekly basis, utilizing communication formats that include face-to-face meetings at project sites. By providing timely project progress reports, accurately grasping client requirements, and swiftly responding to customer queries regarding our engineering and services, we ensure that all operations strictly and consistently match client expectations.

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Process Monitoring: Leveraging a variety of monitoring and testing equipment, the project team tracks the overall progress of the project in real time. We assign dedicated project managers to be permanently stationed at construction sites, holistically coordinating and controlling implementation details such as engineering progress, construction quality, and operational craftsmanship to ensure the project is executed in a standardized, efficient, and professional manner. Concurrently, strict control is exercised over the daily utilization and maintenance of construction equipment to stabilize its operational efficiency and fully satisfy the needs of on-site construction operations.

Inspection and Supervision: We have established a multi-tiered, normalized project supervision mechanism. Relevant responsible departments conduct regular and irregular inspections and supervision over project implementation, while evaluating and spot-checking the service quality of on-site equipment operators to comprehensively safeguard project quality, progress, and construction safety. Concurrently, management regularly convenes collaborative meetings to conduct in-depth discussions on dynamic project progress, technical problem-solving, and personnel management and deployment. Through high-efficiency collaboration, we ensure the steady advancement of projects, achieve the timely closed-loop resolution of issues, and deliver engineering works and services on quality and on schedule.

Digitalization-Driven Quality Enhancement

Driven by digitalization, the Group continuously promotes the comprehensive upgrade of equipment and project service quality. Leveraging our self-developed “iSmartCon” platform, we have constructed an intelligent “performance process” closed-loop management system to achieve precise, full-process control over product quality and contract performance quality.

The rational layout and dynamic deployment of assets are key to enhancing service efficiency and reducing operational costs. Through real-time data collection and intelligent analysis, we have achieved comprehensive perception of the distribution, inventory, and status of equipment and components, making the operation, usage, and idle status of every piece of equipment clearly visible. This visual asset management capability provides precise data support for the intelligent scheduling of complete machines, ensuring that each piece of equipment appears at the right place at the right time. This not only significantly reduces cross-regional deployment costs and carbon emissions but also enables a qualitative leap in service response efficiency. During the year, building upon the “iSmartCon” platform from the previous year, the Group carried out further optimizations and upgrades across various modules, including the monitoring of equipment maintenance processes prior to site mobilization, the “one-machine-one-file” and “one-project-one-file” archiving systems, equipment operation monitoring, as well as the knowledge base and training modules, thereby further enhancing project management efficiency.

Digitalization is not merely a management tool, but a bridge connecting internal execution and customer trust. The performance control system, covering the entire project lifecycle, acts internally as the “commander” of standardized operations—assisting project teams in managing operational behaviors in real time and transparently presenting frontline execution to managers, ensuring potential issues have nowhere to hide and countermeasures are rapidly generated, thereby continuously enhancing construction quality and project performance capabilities. Externally, it serves as a “showcase” for customer perception—allowing customers to view implementation information during the performance process at any time, ensuring that “excellence” and “safety” are no longer just promises, but a traceable and perceivable reality throughout the project. This platform, which combines internal rigor with external transparency, effectively safeguards customer service quality and solidifies brand trust in Tat Hong Equipment.

Customer Recognition and Commendation

The premium service quality demonstrated during our project execution has continuously received recognition and commendation from our customers. During the year, we were awarded the title of "Four-star Excellent Team for the Second Quarter of 2025" by the Lianjiang Nuclear Power Project Department of China Nuclear Industry Huaxing Construction Co., Ltd. in the Lianjiang Nuclear Power Project; and the honorary title of "Excellent Team of 2024" in the San'ao Nuclear Power Project and the Lianjiang Nuclear Power Project. In addition, our employees received multiple letters of appreciation for their superb technical capabilities demonstrated in projects, including letters of appreciation from China Energy Engineering Group Jiangsu Electric Power Construction No.1 Engineering Co., Ltd. and the Yilai Expressway project under CCCC Second Harbor during the year.

Throughout the year, no product recall incidents occurred due to product quality issues with purchased or leased products, and the percentage of leased and delivered products that required recall due to safety or quality reasons consistently remained at zero. Concurrently, all subsidiaries of the Group successfully achieved their annual quality objectives. This is not only a powerful testament to the effectiveness of our internal management, but also another concrete fulfillment of our commitment to "Excellence and Safety" for our customers.

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 Company strictly adheres to these systems to ensure the compliance, efficiency and effectiveness of customer management.

Customer Communication

We have established a diversified customer communication system, maintaining close contact with customers through various channels such as real-time telephone communication, official correspondence, meetings, and dedicated on-site personnel, actively listening to the voice of customers to understand and address their needs promptly. Each subsidiary has set up a clear customer service and communication mechanism with a well-defined division of responsibilities to ensure that customer demands can be responded to quickly and resolved effectively.

We have established a 24-hour customer service center, where dedicated staffs are responsible for communicating with customers around the clock, answering their inquiries promptly, and receiving and handling customer complaints. Meanwhile, we proactively expand our communication channels by conducting planned customer return visits during project execution and continuously following up on customer feedback to ensure that every suggestion or opinion is addressed and acted upon.

Customer Complaint Handling

We have established a well-defined customer complaint handling process, with explicit provisions for each stage including complaint reception, task assignment, investigation and resolution, supervision and follow-up, and return visits, thereby ensuring the timeliness and effectiveness of handling customer complaints.

In respect of the products and services under complaint, project managers track the entire progress of tower crane maintenance and execution through the customer service center and "iSmartCon", the tower crane digitalization management software self-developed by the Group. This enables them to resolve all identified issues promptly and coordinate resources holistically to enhance service efficiency and effectively shorten the time required for complaint resolution.

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We maintain standardized documentation for all customer inquiries and complaints, which not only details the content of requests, handling departments, response times, and root causes, but also integrates this information into a group-wide shared inquiry and analysis system. By transforming individual case experiences into institutional capabilities, we gain deep insights into the root causes of issues and precisely formulate corrective measures, successfully turning the aspiration of "preventing similar incidents from recurring" into an actionable management closed-loop.

During the Reporting Period, all customer requests were responded to within 24 hours, achieving a 100% response rate. The Group received a total of 50 complaints regarding products and services, and all products or services involved have been tracked and appropriately handled.

Customer Satisfaction Survey

To translate the voice of customers into a driving force for service improvement, we have constructed a "listening, feedback, improvement, and enhancement" closed-loop management system for customer satisfaction. During the listening stage, the customer service center comprehensively collects customer feedback through regular visits, telephone surveys, and follow-up calls regarding complaints; concurrently, marketing specialists and management personnel from various departments also visit customers regularly in accordance with standardized procedures to generate visit records. During the feedback stage, all information is centrally consolidated by the customer service center into written reports and regularly submitted to superiors and responsible departments, ensuring the accurate transmission of the voice of customers. During the improvement stage, targeting the service weaknesses identified in the reports, we assist relevant departments in refining service measures, forging a comprehensive improvement path characterized by "identifying problems, analyzing root causes, optimizing processes, and continuous tracking". This closed-loop mechanism turns every customer interaction into an opportunity to enhance our service quality, driving a continuous rise in customer satisfaction.

During the Reporting Period, all subsidiaries achieved their customer satisfaction targets, with an average customer satisfaction rate of 90%, representing a decrease 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 optimizing product and service quality and strengthening enterprise core competitiveness, positioning this work as a focal point of its strategic development. Each of our subsidiaries has established a professional R&D team, while actively mobilizing all employees to dedicate themselves to technological innovation and R&D initiatives. Firmly adhering to high-quality delivery standards and strictly following safe and efficient operational principles, the corporate continues to deepen its R&D efforts in construction safety upgrades, equipment performance enhancement, and refined operational management, accumulating an abundance of practical and effective technological achievements.

Innovation and R&D System

The Company has established an R&D management framework featuring unified planning and supervision by the headquarters and localized execution and implementation by each subsidiary. Each subsidiary has developed a sound and robust R&D operational mechanism, clearly defining the division of responsibilities at all levels to steadily advance various innovation and R&D initiatives in a hierarchical manner. Furthermore, the corporate has formulated and promulgated multiple regulations and rules, including the "Procedures for Technology R&D Management Control", providing comprehensive institutional support for the standardized development and compliant.

Leveraging our innovative R&D achievements to drive a wave of innovation within the industry, we provide a solid foundation and strong impetus for business expansion and daily operational management.

With the core objective of optimizing product and service quality, the Company focuses on tower crane technological upgrades and the R&D of comprehensive solutions. We conduct in-depth R&D in fields such as smart tower cranes, intelligent remanufacturing of tower cranes, and safety innovation, continuously optimizing the overall quality and operational performance of equipment. This comprehensively enhances the intelligence level of project management, further safeguards construction sites, and effectively improves overall construction efficiency.

Additionally, we actively research, develop, and continuously optimize various internal digital systems, applying them to the Company's operational management and the full-process control of projects. With the exception of the financial management system, the vast majority of the digital systems we adopt are assets independently developed by the Company. The rational layout and dynamic deployment of assets were key to enhancing service efficiency and reducing operational costs. Through real-time data collection and intelligent analysis, we achieved comprehensive perception of the distribution, inventory, and status of equipment and components, making the operation, usage, and idle status of every piece of equipment clearly visible. This visual asset management capability provided precise data support for the intelligent scheduling of complete machines, ensuring that each piece of equipment appeared at the right place at the right time. This not only significantly reduced cross-regional deployment costs and carbon emissions but also enabled a qualitative leap in service response efficiency. During the year, we undertook a major upgrade of the "equipment maintenance prior to site mobilization" module, implementing standardized management for the maintenance processes of the equipment. This ensured that every piece of equipment received optimal maintenance and reached its best condition prior to site mobilization, thereby solidifying the reliability of equipment operations from the source.

Cultivation and Incentivisation of Innovative Talents

We attach great importance to the cultivation of R&D and innovation talents and have formulated a dedicated development plan for R&D innovation talents. Aiming to enhance core technical capabilities and corporate qualifications, this plan establishes corresponding training curricula and cultivation mechanisms, while progressively promoting the construction of practical training platforms and the implementation of assessment mechanisms, thereby laying a solid foundation for building a robust R&D and innovation talent pipeline.

Beyond the training of professional R&D personnel, we also encourage all employees to participate in technological R&D and innovation activities. We have formulated individual performance implementation measures for technological R&D, fully mobilizing employees' enthusiasm for innovation through bonus incentives to foster the continuous emergence of innovative achievements.

Furthermore, we customarily confer honorary commendations upon teams and individuals who have made outstanding contributions to innovation and R&D during our year-end management meetings, further fueling the enthusiasm of all staff members for R&D and innovation.

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 privacy or intellectual property rights

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Internal Intellectual Property Protection

Upholding a philosophy of responsibility and a forward-looking vision, the Group actively pursues applications and authorization for intellectual properties such as patents, copyrights, and trademarks to fully safeguard our technological innovations and protect our corporate brand equity. Concurrently, we implement full-process control over intellectual property rights, tracking their validity status in real time and regularly auditing their usage status to refine our full-lifecycle management mechanism.

The Group formulates specialized management workflows tailored to different categories of intellectual property, driving IP management toward standardization and institutionalization. We mandate that all employees sign confidentiality agreements, clearly defining their confidentiality obligations both during and after their employment. In external collaborations, the ownership of intellectual property rights is also explicitly delineated within contracts. Employees are strictly prohibited from disclosing the corporate's core technical secrets in any form prior to the completion of patent and software registrations.

Meanwhile, for proprietary operational data such as pricing strategies, parts and components procurement standards, and construction methods, we integrate multiple protection mechanisms—including patents, trademarks, copyrights, domain names, and contractual rights—to fortify our intellectual property defense system. In the event of any infringement, we will resolutely take legal action in accordance with the law to protect our rights, making every effort to ensure that the Group's intellectual property and trade secrets remain inviolate.

As of the end of the Reporting Period, the Group held a total of 177 registered patents for utility models and inventions related to tower cranes, as well as 25 software copyrights.

Intellectual Property Management of External Cooperation

The Company formulates strict control measures to ensure that none of its business operations infringe upon third-party intellectual property rights. Intellectual property clauses are added to all external cooperation contracts, mandating that if a project requires the utilization of external patents or technologies, the cooperating party must provide official and legitimate authorization documents. For cooperating suppliers and subcontractors, we rigorously conduct intellectual property qualification reviews and require them to undertake that the equipment provided and technologies utilized are free from any infringement issues. Concurrently, we have established a robust infringement risk early warning system to continuously monitor industry patent dynamics, tracking the latest patent applications within the sector through patent databases. By conducting research and analysis on peripheral patents related to our business, we precisely screen for potential infringement hazards in our operations and formulate timely response plans to eliminate infringement risks right from the source.

Intellectual Property Protection Training

The Group attaches great importance to reinforcing the concept of intellectual property protection among all employees, regularly organizing professional training to comprehensively elevate their defensive competence and execution capabilities regarding intellectual property. We incorporate intellectual property compliance into our onboarding training system for new employees, deliver targeted specialized training courses annually, and establish a supporting assessment mechanism. This ensures that employees thoroughly master the relevant professional knowledge, consciously abide by regulations in their daily work, and effectively implement all intellectual property management requirements.

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.

Customer Privacy and Information Security Management

To effectively protect customer data and personal privacy, the Group strictly implements the "Information Control Procedures" and has established a sound and robust customer information security management system. All personnel with access to customer information are required to sign confidentiality agreements, clearly defining legally binding confidentiality obligations. Any non-compliant leakage of information will result in strict disciplinary action. Employees must obtain formal approval and have a justifiable business rationale to access or retrieve customer information, and are strictly prohibited from unauthorized extracting, copying, transferring, transmitting, or releasing customer data. Relevant departments also continuously conduct monitoring and testing of privacy safety risks, promptly implementing preventive and corrective measures to effectively eliminate potential security hazards.

System and Network Security Protection

The Group fully implements its internal "IT Management Specifications", standardizing the operational management of information systems and strengthening the security protection of corporate electronic devices to prevent data leakage risks from the source. The Company assigns professional technicians dedicated to network security operations and maintenance to comprehensively safeguard customer privacy data. Through multiple measures such as deploying network firewalls, installing security protection software, conducting regular data backups, and strictly delineating system operational permissions, we ensure the stable operation of information systems and the security of data storage. Concurrently, the "Employee Handbook" explicitly stipulates that when using the Group's internal software systems, employees are strictly prohibited from copying internal data without authorization, or casually disclosing trade and business secrets to external parties or collaborating clients.

Information Security Awareness Training and Daily Control

In daily management, the Group regularly sends network and data security reminders to all employees and organizes multiple information security specialized training sessions for all staff annually. This continuously reinforces employees' awareness of customer privacy protection and data security defense concepts, guiding all personnel to consciously abide by various information security management regulations and comprehensively fortifying the enterprise's information security defense line.

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 Production Safety

The Group strictly complies 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, practices the safety guidelines of "Safety First, Prevention Focused, Comprehensive Governance", has 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

- *Production Safety Management Structure*

  The Company has established a comprehensive, top-down production safety management structure with clear tiers and well-defined responsibilities. It fully implements the production safety responsibility system, cascading safety pressure through all levels and enforcing management duties step by step, thereby ensuring that all production safety initiatives are carried out in a standardized, orderly, and highly efficient manner.

  At the Group level, the headquarters has established the position of Chief Safety Officer, serving as the core coordination hub for the Group's production safety. This role is fully responsible for coordinating, guiding, and supervising production safety management across the entire Group, formulating the Group's overall safety management direction, controlling the overall state of production safety, and solidifying the baseline for the Group's safe development.

  At the subsidiary level, each unit has built its own dedicated safety management system and established a production safety committee or production safety leading team as the supreme decision-making and management body for the subsidiary's production safety. Integrating the enterprise's operational realities, these bodies are primarily responsible for formulating and adjusting the company's safety management policies, rules and regulations and system, development strategies, and annual work plans, as well as making decisions on major production safety matters. Concurrently, they supervise the implementation of various safety systems and work initiatives throughout the entire process, continuously identifying management shortfalls, optimizing management models, and steadily enhancing the level, quality, and efficiency of the company's production safety management.

  At the departmental execution level, all functional departments of each subsidiary carry out their work strictly under the unified leadership and deployment of the company's production safety committee or production safety leading team. Adhering to the principle of "performing respective duties and assuming respective responsibilities", each department aligns closely with its specific position and functions, rigorously implements various production safety management systems and work requirements, and solidly executes baseline tasks such as daily safety control, hazard identification, safety education, and risk prevention, thereby forming a production safety management paradigm characterized by full participation, comprehensive coverage, and end-to-end control.

- *Safety Responsibility System*
  Each subsidiary develops clear safety objectives and indicators, breaking them down and refining them level by level. Every year, these itemized objectives and indicators are assigned to all functional departments through the signing of the "Responsibility Letter of Safety Objectives", accompanied by corresponding evaluations and reviews to ensure their effective implementation.

Safety Standardization

We actively promote the standardization of production safety, continuously refining and effectively executing our safety standardization system. Concurrently, we have formulated comprehensive safety management systems and operational guidelines to provide standardized direction for various operational stages, including the full construction process (encompassing equipment installation and dismantling), the utilization of leased equipment, equipment storage and transportation, as well as maintenance and processing operations. This drives the implementation of standardized operations across all links, fully fulfills production safety responsibilities, and prevents safety risks.

Safety Risk Prevention

Risk prevention is also important for promoting production safety. We eliminated or minimized the occurrence of safety accidents by following risk source management, hidden trouble shooting and governance and emergency management:

- 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

Throughout the entire project construction process, we rigorously implement safety risk prevention and control measures and conduct all construction operations in strict accordance with standardized procedures. On one hand, we tightly manage personnel competence by thoroughly verifying the professional qualifications and practical proficiency of our technical, construction, and operational staffs, enforcing a semi-annual competence spot-check mechanism to solidify the foundation of production safety at the source. On the other hand, we enhance our on-site safety supervision system by combining regular inspections with unscheduled patrols to comprehensively identify and rectify on-site safety hazards. Furthermore, we strictly execute safety and technical handovers prior to daily mobilization to ensure the smooth transmission of operational information and reinforce the safety awareness of all staff members, adopting a multi-pronged approach to fortify the project's safety management defense line.

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Safety Awareness Improvement and Capability Building

We pay high attention to safety culture building, and carried out various safety training programs and drills. This ongoing approach steadily bolsters the safety awareness and hands-on technical capabilities of all employees, effectively embedding safety philosophies into every single link of our day-to-day activities.

- *Safety training Emergency drills*

  We develop 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.

  Beyond mandatory conventional safety training, special operation personnel must undergo job-specific specialized safety technical programs. Only upon successfully passing the qualification assessment are they permitted to be stationed for on-site operations.

- *Emergency drills*

  Every year, we hold 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*

  In our routine operations, the Group organizes diverse safety activities; for instance, during project implementation, we conduct on-site observation initiatives at model projects. These visits aim to facilitate learning from standardized operations, allowing us to capture excellent experiences and proven methodologies and successfully promote them across all construction processes company-wide.

  Case: "Production Safety Month" Campaign

  In June 2025, the Group actively responded to the call for the 24th national "Production Safety Month" campaign, launching a series of diverse and content-rich work safety themed activities across the entire Group under the theme of "Identify Risks, Ready for Emergencies–Safety Month Builds a Solid Defense Line".

  During the Safety Month, the Company meticulously organized multiple training sessions under the theme of "Promoting Safety, Mastering Emergency Response, and Identifying Hazards." Closely tailored to the Company's operational realities and office environments, the training focused on core safety knowledge, specifically targeting the identification of "unsafe human behaviors, hazardous physical states, management deficiencies, and adverse environmental factors". Drawing upon real-world case studies, instructors provided deep insights into easily overlooked operational blind spots and equipment risk points in daily activities, empowering participating employees with a keen capability for hazard identification through interactive learning. Furthermore, the screening of the "2025 Work Safety Month Educational Documentary" served as a highly informative, mandatory safety masterclass for the staff. At the Safety Month wrap-up meeting, the organizing department reviewed the entire campaign with comprehensive data: a total of 63 hazards concerning equipment protection and electrical wiring were identified and rectified; over 60 person-times participated across 3 training drills; and the entire workforce engaged in 5 specialized safety knowledge training sessions and 1 safety knowledge competition.

  The implementation of the "Work Safety Month" campaign has effectively mitigated workplace injuries, equipment damage, operational disruptions, and administrative penalties, thereby minimizing economic losses and ensuring stable, orderly business operations. Moreover, it signifies the active fulfillment of the Company's primary safety responsibilities, demonstrates its corporate social responsibility, reinforces regulatory compliance, and elevates both its industry reputation and market competitiveness.

Digitalized Production Safety Management

As a heavy-asset sector, the lifting equipment rental industry is characterized by geographically dispersed project sites and a large workforce, which presents significant pressure and high complexity for daily safety management and supervision. To effectively address these industry-specific management bottlenecks, the Group leverages its self-developed “iSmartCon” digital management system to construct an intelligent safety management model. This approach effectively resolves various operational challenges while comprehensively upgrading safety control capabilities and overall operational efficiency.

Safety Knowledge Competition

Emergency drill


Safety check


Safety knowledge training

Utilizing data integration and visualization capabilities, “iSmartCon” aggregates information throughout the entire production safety lifecycle to establish a real-time, dynamic management platform. The system exercises full-coverage oversight over critical links, including on-site personnel, machinery and equipment, and construction operations, allowing management to intuitively grasp the overall safety status and promptly detect and mitigate safety hazards. During the year, the system continuously optimized the frontline personnel attendance module to rigorously verify employee profiles, ensuring that all workers possess full operational qualifications and are accurately matched to their respective roles. This effectively eliminates safety risks stemming from qualification non-compliance or inadequate professional competence at the source, firmly anchoring the baseline of production safety.

2.2 Occupational Health

The Group attaches great importance to the occupational health of our employees and strictly complies with relevant laws and regulations, including the Law on Prevention and Treatment of Occupational Diseases of the People’s Republic of China. By establishing an occupational health management system and implementing various safeguarding measures, we effectively prevent, control, monitor, and address potential occupational health risks, thereby earnestly safeguarding the health rights and interests of our employees and fulfilling our dual responsibility for employee well-being and production safety.

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The Group has established and perfected a robust environmental and occupational health and safety management system, successively rolling out multiple management mechanisms and operational procedures, such as 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, and the Labour Protection Supplies Management System. These frameworks fully cover all business segments, including production operations, equipment rental, and maintenance processing, providing a solid institutional foundation for the occupational health and safety of our workforce. Concurrently, we regularly review and verify the implementation of relevant laws and regulations to ensure the continuous compliant operation and tangible effectiveness of our management system.

On a routine basis, the Group conducts screening of environmental impact factors and identification of safety hazards, regularly appointing a professional agency to test and evaluate occupational disease risks at operational sites. Integrating these practical assessment results, we optimize our occupational risk control procedures and formulate precise prevention and control measures to eliminate various occupational health and safety hazards at the source.

We solidly advance all initiatives for occupational disease prevention and control. Tailored to the operational characteristics of different positions, we formulate custom staff physical examination plans specific to each job and routinely organize health checks for our staff, with a particular focus on specialized health screenings for special operation roles. We establish standardized staff health archives for all employees to dynamically track and have a timely, accurate understanding of their health status. In the event of any occupational health issue, we respond and handle it properly in accordance with regulations at the earliest opportunity, deeply analyzing the root causes and implementing corrective and preventive measures. Furthermore, professional and compliant labour protection supplies are fully equipped and distributed as required, effectively minimizing employees' contact with occupational health hazards during work processes.

Meanwhile, the Group actively carries out educational campaigns and hazard warning promotions regarding occupational health and safety, clearly informing employees of the safety risks and key protection points present at operational sites. Through diverse formats such as pre-job training and routine on-the-job education, we continuously reinforce employees' safety protection awareness, ensuring they thoroughly master occupational health protection knowledge and emergency handling skills, thereby comprehensively solidifying the foundation of our occupational health and safety management.

As of the end of the Reporting Period, the Group's subsidiaries—Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd., Guangdong Tat Hong Machinery Construction Co., Ltd., and ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd.— obtained the certification for GB/T45001/ISO45001: Occupational Health and Safety Management Systems.

The Group recorded zero work-related fatalities over the past three years, including the Reporting Period, maintaining a work-related mortality rate of 0.0%. During the Reporting Period, the number of workdays lost due to work-related injuries was 114.5 days. The Group attached the utmost importance to the handling of employee injuries, and all injured employees have now recovered. To comprehensively strengthen and elevate safety awareness across the entire workforce, the corporate instituted targeted measures and strategies. Firstly, it institutionalized hazard awareness and warning education by conducting specialized safety education and case-based warning lessons on a routine basis, focusing on risk identification, standardized operations, emergency response, and incident reporting to guide employees to proactively anticipate operational risks, consciously stay clear of danger zones prone to crushing, pinching, and impact, and completely eliminate complacency. Secondly, the corporate rigorously regulated on-site operational behaviors, placing a strong emphasis on danger-zone positioning, anti-pinch and anti-crush operational requirements, and the safety management of tooling and equipment to resolutely eradicate any non-compliant or high-risk actions. Thirdly, it optimized incident reporting and emergency mechanisms, enhancing response workflows while firmly instilling a mindset among staff that every injury must be reported and every anomaly must be escalated. Through this multi-pronged approach, the corporate actively reversed unsafe working habits, fortifying a robust safety defense line across the mindset, behavioral, and management levels.

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 cultivating a high-caliber workforce, selecting top-tier talent through diverse channels including employee referrals, online recruitment, and campus recruitment. We formulate recruitment plans based on actual operational demands and establish clear, standardized workflows to coordinate talent acquisition, thereby ensuring compliance and efficiency throughout the hiring process. Throughout the recruitment process, the Group consistently upholds the principles of fairness, justice, and merit-based selection. We comprehensively evaluate candidates' cultural backgrounds, professional experience, technical capabilities, and overall competencies to actively drive the diversity and inclusion of our workforce.

Regarding labor relations management, the Group strictly fulfills its obligations regarding the execution, amendment, dissolution, and termination of labor contracts. All employment processes are carried out in strict compliance with national laws, regulations, and internal management policies. An employment relationship takes effect only upon mutual consent and the voluntary signing of a labor contract by both parties. Furthermore, terminating an employee's labor relations for any unfair or unsubstantiated reason is strictly prohibited.

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

Employees' rights and benefits	Security measures
Fight against forced labour	• 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	• 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	• 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	• The Group has reinforced the confidentiality controls within the Human Resources and IT departments regarding employee personal data and remuneration details. Concurrently, regular information security training programs are conducted for staff, effectively elevating employees' awareness of personal data protection; • The Group also strengthens information security and authorization management, and strictly protects the privacy of employees.
Other basic rights and benefits	• 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 complies with the relevant provisions of the Labour Contract Law of the PRC and the Law of the PRC on the Protection of Minors, and resolutely prohibits the recruitment of child labour or the use of forced labour. To prevent such non-compliance incidents, the Group instituted a rigorous identity verification mechanism for all newly hired employees. If any instance of child labour is detected, the Group will immediately terminate the employment relationship, concurrently launch an internal investigation, and impose appropriate disciplinary actions against the responsible individuals in accordance with regulations. Concurrently, to eliminate forced labour, the Group established a Labour Union supervisory mechanism to safeguard employees' lawful rights, interests, and benefits. We strictly implemented statutory holiday rest systems in accordance with internal frameworks such as the Employee Handbook and the Payroll Cycle system, while fully safeguarding the lawful rights and interests of female employees during pregnancy, childbirth, and lactation, thereby preventing forced labour at the institutional level. Should any circumstances regarding forced labour arise, employees can report their grievances to the Labour Union, which is empowered to negotiate with the Group on behalf of the workforce and put forward reasonable recommendations for improvement.

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.

Remuneration and Promotion

The Group implements a fair and transparent remuneration management system and has established a clear salary structure. Employee salary and bonus determinations are comprehensively verified with reference to corporate operational efficiency, individual work performance, market salary benchmarks, and employees' professional skills and competencies, thereby forging a compensation system with a distinct market-competitive edge. Adhering to a performance-driven incentive orientation, the Group tightly links the remuneration of top-tier talent with corporate business objectives and team performance outcomes. Through a scientifically sound and rigorous performance evaluation mechanism, we effectively attract, motivate, and retain core talent. Concurrently, the Group has instituted a long-service incentive mechanism, granting specialized rewards to employees who fulfill their duties over the long term and continuously contribute value to corporate development, thereby recognizing their dedication, enhancing team cohesion, and strengthening employees' sense of belonging.

To refine our talent cultivation and development system and clear career progression pathways for employees, the Group has established an open, standardized talent promotion mechanism and appraisal system with explicit criteria. We regularly conduct performance examinations and talent promotion assessments to provide employees with clear and well-defined career development trajectories. Employee promotions utilize a comprehensive evaluation model that integrates self-assessment with superior appraisal. The evaluation criteria are fully disclosed, and the workflows are standardized and equitable. This ensures all employees clearly master the promotion requirements and their future development direction, fully stimulating their initiative for proactive learning, self-improvement, and diligent duty fulfillment.

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.

Rich collective interactions further enhanced team cohesion and solidarity, igniting employees' enthusiasm for work and fostering an awareness of team collaboration. These activities enabled the workforce to engage in their duties with a more positive and proactive mindset, effectively balancing operational efficiency with personal well-being, thereby genuinely elevating the workplace experience and comprehensive welfare of all staff. This achieved a mutually beneficial win-win outcome where employees enjoyed a fulfilling work environment while the team forged strong solidarity, as demonstrated by the group-wide friendly basketball matches and mountaineering team-building activities organized by the Group.

Case Study: Cooling Relief on the Start of Autumn

The Company will continue to closely monitor weather variations and employee needs, executing heatstroke prevention and cooling initiatives with meticulous detail to provide a protective shield of care for frontline workers. This ensures that the workforce can engage in production safely and efficiently with enhanced morale and robust physical health, collectively welcoming a prosperous harvest season

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3.3 Empowering Employee Growth

The Group consistently attaches great importance to talent cultivation, dedicating itself to enhancing employees' core competitiveness and supporting their long-term, healthy career development. In alignment with the diverse developmental needs of our staff, the Group constructed a comprehensive training system to empower employee growth. The Group formulated and executed annual training plans systematically, with the curriculum primarily encompassing two major categories: general courses and professional skills. Concurrently, for newly recruited employees, the Group conducts systematic pre-job onboarding trainings on an annual basis.

- 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 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. For example, solutions engineers work on employee's solutions software and thereby enhancing the different standards for the development of solutions.

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

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

To ensure that employees mastered essential professional skills, we established corresponding assessments tailored to specialized training categories while building a comprehensive evaluation and feedback mechanism. Following the training sessions, training effectiveness was thoroughly examined through written examinations and practical assessments. Participating employees were also invited to provide feedback via questionnaires, the results of which were utilized to continuously optimize course content and training formats.

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Case Study: "Blue-Collar Talent" Specialized Training Program

On June 17, 2025, the Company held the launch ceremony for the "Blue-Collar Talent" Specialized Training Program. This training initiative focused heavily on the electrical systems of products such as tower cranes and construction hoists. Utilizing a three-in-one cultivation model that integrated theory, practical operation, and professional ethics, the program assisted newcomers in starting from scratch and gradually developing into the core backbone of frontline teams equipped with solid technical skills and high professionalism. Company executives, training mentors, and all participating trainees collectively witnessed this significant milestone.

Case Study: Electrical Maintenance Newcomer Training Program

To help newly recruited electrical maintenance employees rapidly integrate into the corporate environment, clarify their job responsibilities, adapt to operational demands, and solidify their professional capabilities, the Company launched a specialized training program for electrical maintenance newcomers. This initiative also served to enrich the Company's core talent reserve and align with production and development requirements at the current stage. The training was structured into two major modules: on the technical front, systematic instruction was delivered surrounding electrical fundamentals, safety regulations for tower cranes, equipment electrical maintenance, and the operation of testing instruments; on the professional mindset front, the program reinforced employee ethics and dedication through the study of national master craftsmen's stories and classic literature, comprehensively accelerating the growth and development of new talents.

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04 INTEGRITY AND COMPLIANCE, PRACTICING RESPONSIBLE GOVERNANCE

4.1 Risk Management

Risk management is the cornerstone of sound business operations and the accumulation of long-term value. The Group continues to refine its internal control and risk management framework, issuing regulatory documents such as the Tat Hong Risk Management System. These clearly define requirements regarding management objectives, risk identification, assessment and analysis, response and control, and end-to-end supervision. By comprehensively coordinating the management of all types of internal and external risks, the Group continuously enhances its risk prevention and response capabilities, effectively mitigating operational concerns and supporting the enterprise in achieving high-quality, stable development.

The Group has established a well-structured and properly regulated risk management system, with the Audit Committee of the Board overseeing all risk management matters to ensure the effective implementation of risk control and internal control mechanisms; the Audit Department is responsible for implementing various risk management regulations and supervising its subsidiaries in carrying out the relevant management tasks. Each subsidiary has concurrently established its own dedicated risk management framework and corresponding management systems to identify, assess, monitor and control potential risks arising from day-to-day operations. At the same time, the Audit Committee and the Audit Department regularly report to the Board on the results of risk control audits and assessments, and make practical recommendations for improvement, thereby continuously optimising the overall effectiveness of risk management.

This year, we have engaged external experts to conduct audits of the internal control systems across the Group's subsidiaries in areas such as sales and receivables, procurement and payments, production and inventory, safety management, and research and development. The aim is to identify potential risks and formulate corrective action plans, with a requirement for 100% rectification of any internal control deficiencies identified during the audits.

At the same time, the internal audit departments of each subsidiary have also carried out company-level internal audits to further refine risk management at the operational level, ensuring that all business operations are compliant and sound.

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 strictly regulates the conduct of its directors, management and all staff in the performance of their duties. It is strictly prohibited for any person to use their position to offer or seek improper benefits from clients, suppliers or business partners. The Group has a zero-tolerance policy towards all forms of illegal and non-compliant conduct, including bribery, extortion, fraud and money laundering.

The Group has established comprehensive codes of professional ethics and integrity in its Employee Handbook, detailing anti-corruption management provisions and clearly setting out the standards for penalties and disciplinary procedures in the event of breaches. Should any serious cases of corruption or misconduct be uncovered, they will be promptly reported to the Board for review and disciplinary action. Meanwhile, the Board conducts regular annual reviews to optimise the Group's anti-corruption management system, continuously enhancing its relevance and effectiveness to reinforce the foundation of the corporate's integrity in business operations.

To strengthen its integrity risk prevention and control system, the Group adheres to the principle of open and transparent operations, regularly publishing updates on business activities and various announcements to ensure that all stakeholders, including employees, customers and suppliers, have timely and accurate access to corporate information. By continuously enhancing operational transparency, the Group effectively eliminates the risks associated with information asymmetry and prevents integrity risks at source. Also, the Group has established a rigorous internal information classification and control system, implementing categorised confidentiality management for all corporate data. We clearly define information access permissions, operational standards and confidentiality responsibilities, backed by strict accountability mechanisms for violations, to resolutely prevent employees from using undisclosed inside information for personal gain. For external partners who violate the Group's anti-corruption management system or breach the integrity cooperation guidelines, the Group will immediately terminate all business cooperation and reserves the right to conduct internal investigations, recover any related losses and pursue legal action against the parties concerned.

As the department specifically responsible for anti-corruption and integrity oversight, the Audit Department of the Group strictly adheres to the Group's management regulations to carry out routine supervision and coordination across key business areas such as internal audit, finance, business development, procurement management and information technology, thereby ensuring the comprehensive implementation of integrity oversight and accountability for breaches. In addition to manual specialised audit and supervision, the Group leverages its mature risk management and internal control systems to achieve intelligent, end-to-end monitoring of compliance risks such as corruption and bribery. The Audit Department regularly reviews and evaluates the integrity and effectiveness of the Group's risk management and internal control systems, and reports the findings and recommendations for improvement to the Board and senior management. The Board and management are fully committed to ensuring that the internal audit team is equipped with adequate resources, professional expertise and a talent pool, thereby guaranteeing that internal audit work is conducted independently, objectively and impartially, with the internal audit team reporting directly to the Audit Committee.

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Integrity Training

Every year, the Group offers integrity training, to increase staff's anti-corruption awareness. During the Reporting Period, the Group held internal anti-corruption training for entire employees, and meanwhile invited external consultants to offer related 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. The Group also offered anti-corruption training to entire directors, themed by "Important Notes for Directors Under the Anti-Money Laundering/Counter-Terrorist Financing Regulations".

Meanwhile, the Group communicates annually to its directors the relevant anti-corruption requirements set out in the Companies Ordinance and the Guidelines on Directors' Responsibilities, including standards and expectations such as avoiding conflicts of interest and refraining from using their position as directors to seek improper gain.

Reporting Mechanism

The Group has formally introduced a system governing the management of whistleblowing, establishing a variety of reporting channels—including written correspondence, in-person visits, the official WeChat account, email and a dedicated hotline—to comprehensively broaden avenues for feedback. The Group is fully committed to safeguarding the legitimate rights and personal safety of whistleblowers, strictly maintaining the confidentiality of their personal information and the details of their reports, and resolutely preventing any instances of discrimination, retaliation or unjustified dismissal against whistleblowers. All reports are centrally handled by the Audit Department, which investigates various violations and disciplinary issues in a timely manner, upholding the principles of fairness and impartiality. Confidentiality is strictly maintained throughout the entire investigation process; the disclosure of case details or the progress of investigations is strictly prohibited, and relevant case files may not be accessed without authorisation. If investigators have family ties or conflicts of interest with either party involved in a report, they must strictly comply with the requirements for recusal. Furthermore, to ensure the proper conduct of the reporting process, should it be established that a report contains fabricated facts or constitutes malicious false accusations, the Group will issue a public notice and take disciplinary action against the responsible parties.

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 environment 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.

When selecting suppliers, the Group not only maintains strict control over product quality and service safety, but also attaches great importance to partners' environmental management capabilities and their fulfilment of social responsibilities. Some of its subsidiaries have drawn up commitment documents regarding supplier social responsibility, explicitly requiring partner companies to strictly adhere to regulations and standards. These documents cover a range of areas, including environmental management, the protection of employee rights, ethical conduct and fair business practices, and incorporate the relevant guidelines into procurement agreements, clearly defining the liabilities to be borne in the event of non-compliance.

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During the partner selection process, the Group gives priority to establishing partnerships with green and low-carbon enterprises; for example, it gives preference to suppliers that use environmentally friendly coatings, whilst encouraging partners to use recyclable packaging materials to reduce the generation of solid waste, thereby fully implementing the principles of green procurement. To effectively mitigate various potential risks within the supply chain, the Group has established a standardised control system covering the entire process, from supplier development and onboarding, through qualification reviews and routine assessments, to the termination of partnerships, to comprehensively verify the overall qualifications of partners and ensure that the quality of their products and services meets the required standards.

At the same time, the Group conducts regular comprehensive supplier evaluations, covering multiple dimensions including product quality, delivery timeliness, pricing levels, after-sales support, environmental performance and workplace safety. Based on the supplier's industry sector and the scale of the partnership, a tiered and categorised verification mechanism is implemented, with assessments carried out through various methods such as qualification checks, spot checks, on-site visits and third-party certification. Leveraging a comprehensive and sustainable supplier evaluation management system, the Group continuously selects high-quality partners to firmly establish a long-term, stable and mutually beneficial supply chain partnership framework.

During the Reporting Period, we collaborated with a total of 173 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	FY2026	FY2025
North China	suppliers	21	18
Northeast China	suppliers	5	5
East China	suppliers	114	94
Central China	suppliers	10	9
Northwest China	suppliers	3	7
South China	suppliers	14	12
Southwest China	suppliers	6	13
Total	suppliers	173	158

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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 ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd. obtained the certification of GB/T24001/ISO14001: Environmental management systems.

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 fulfill our environmental protection responsibilities.

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 emissions, the Group requires all its subsidiaries to carry out annual inspections on their vehicle fleets to ensure that emissions comply with relevant national standards. Meanwhile, the Group is actively promoting the use of low-emission vehicles; by phasing out traditional petrol and diesel vehicles and introducing new electric vehicles, it aims to reduce emissions resulting from the combustion of fuel in conventional vehicles.

- The Company's new fleet of corporate and operational vehicles consists primarily of new energy electric vehicles. These models not only consume less energy and significantly reduce running costs, but also effectively cut exhaust emissions, thereby supporting green, low-carbon operations. Furthermore, as electric vehicles operate quietly and are easy to maintain, they optimise transport scheduling efficiency whilst aligning with the Company's philosophy of energy conservation and environmental protection, actively contributing to the achievement of the "dual carbon" development goals.

- The Group strictly adheres to national and local environmental protection regulations in the proper disposal of exhaust gases generated during maintenance and processing operations. Production exhaust gases are channelled into dedicated treatment equipment, where they undergo purification through environmental processes such as filtration and activated carbon adsorption before being discharged in an orderly manner via compliant emission outlets. The corporate strictly adheres to environmental control standards and regularly commissions authoritative third-party organisations to conduct exhaust gas monitoring, ensuring that all emission indicators meet regulatory requirements. At the same time, the Group continuously optimises and upgrades its operational processes, strictly controlling the generation of pollutants at source and consistently reducing exhaust gas emissions.

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.

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

- Implementing remote working and online meetings, and encouraging staff to prioritise public transport for their business travels, thereby reducing greenhouse gas emissions generated during commuting;

- Implementing energy-saving management measures in the workplace and giving priority to energy-efficient office equipment; for further details on energy-saving initiatives, please refer to section "5.2 Energy and Resource Management";

- Carrying out regular maintenance on corporate vehicles to prevent increased fuel consumption and greenhouse gas emissions resulting from a decline in vehicle performance;

- Implementing a green allocation mechanism for tower cranes, utilising digital systems to manage equipment in real time, and selecting tower cranes that meet project requirements in accordance with the principle of local allocation, thereby reducing greenhouse gas emissions from equipment transport and achieving a win-win outcome in terms of cost savings and environmental benefits;

- Strengthening the daily monitoring and maintenance of tower cranes to reduce the frequency of equipment repairs and replacements, thereby cutting down on the associated transport activities and indirectly reducing greenhouse gas emissions;

- Installing solar-powered streetlights along the roads within the factory premises to reduce the consumption of externally purchased electricity and, consequently, the associated greenhouse gas emissions.

- Installing solar photovoltaic panels on the roof of the maintenance workshop; using the electricity generated by the panels on-site, replacing some of the electricity purchased from external sources and further reducing greenhouse gas emissions resulting from the consumption of purchased electricity.

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 year, 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 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.

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, new energy vehicle and 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.
- Actively rolling out energy storage systems: solar energy storage equipment that charges during off-peak hours and discharges during peak hours, significantly reducing electricity bills; breaking free from reliance on a single grid and enabling independent energy management.
- With regard to the deployment of personnel and transport capacity, we have finalised our overall planning and coordination. Compared with last year, we have this year achieved the coordinated scheduling of personnel travel and transport capacity, effectively streamlining the process, avoiding the need for personnel to be redeployed back and forth or for duplicate transport, thereby further improving the efficiency of travel coordination and reducing the consumption of resources such as fuel.

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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 regularly 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.

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 environment or natural resources, 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

The Company fully recognises that promoting ecological and environmental protection is a cornerstone of sustainable social development. In its day-to-day operations, the Company actively implements a range of green and low-carbon initiatives, deeply integrating the principles of ecological sustainability into every aspect of its corporate culture and production operations.

The Company actively encourages all staff to cultivate an awareness of low-carbon and environmental protection, and to consciously adopt a green and healthy lifestyle; it strictly adheres to regulations and policies concerning ecological and environmental protection and resource utilisation, conducts comprehensive assessments of environmental risks associated with its business operations, proactively aligns with and implements the national 'Dual Carbon' development strategy, takes the initiative in fulfilling its social responsibilities regarding ecological and environmental protection, and is fully committed to supporting the steady development of green ecological initiatives.

Case: Tree Planting Activity

On 12 April 2026, a subsidiary of the Group organised its 2026 Tree Planting Activity under the theme 'Fulfilling Our Tree-Planting Obligations, Building a Beautiful China Together'. Tree planting is not merely an environmental initiative; it also serves to promote the corporate's philosophy of green sustainability. By taking an active part in the tree-planting activities, employees have put green principles into practice and actively spread a positive message of ecological conservation. In doing so, they have fulfilled their social responsibilities, demonstrated the Company's commitment, and laid a solid foundation for long-term development.

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 integrated climate change issues into its corporate governance system, with the Board of Directors and management jointly assuming responsibility for the oversight and management of climate-related matters, thereby establishing a climate governance structure with clear hierarchical levels and well-defined roles. Specifically, the Board is responsible for formulating, approving and overseeing policies and mechanisms relating to climate governance, as well as coordinating the allocation of various resources, including financial, equipment and human resources, to ensure the orderly implementation of climate management work. It is also responsible for reviewing all climate-related matters, continuously monitoring and assessing the effectiveness of climate risk management measures, and dynamically optimising relevant development objectives and implementation plans. Management is primarily responsible for the day-to-day implementation of climate initiatives, risk assessment and process monitoring; it provides professional analysis and recommendations to support the Board's decision-making, ensuring the effective implementation of the Board's oversight mechanisms; furthermore, it rigorously verifies the authenticity and accuracy of environmental and financial data, coordinates the allocation of management resources, facilitates collaboration across internal departments, and drives the efficient implementation of all climate management initiatives.

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To strengthen the climate risk management capabilities of the Board and management, and to ensure they fully understand the interrelationship between climate issues and the Group's business operations, the Group regularly organises training and provides expert guidance on climate-related disclosure, assisting decision-makers and management teams in keeping abreast of the latest regulatory standards and disclosure requirements. Currently, the directors continuously monitoring and assessing the potential impact of short- and long-term climate change on the Group's operations. At the same time, a dedicated ESG task force has been established under the leadership of management to drive the implementation of climate-related policies and measures, track the progress of various climate management targets and initiatives, and report regularly to management on the outcomes of these efforts.

Strategies

The Group attaches great importance to the issue of global climate change and has identified climate-related risks that could have an adverse impact on its business, development strategy and financial position, primarily comprising transition risks and physical risks. During the reporting period, the Board and management completed the identification and assessment of these climate-related risks.

In recent years, extreme weather events have become increasingly common across the globe. Disasters such as typhoons, floods and heavy rainfall pose sudden, acute climate-related risks, whilst long-term trends such as prolonged heatwaves and rising sea levels give rise to chronic climate-related risks. All of these risks place operational pressures on businesses, leading to an increase in equipment maintenance and higher labour costs.

On the other hand, the continuous refinement and strengthening of environmental and climate-related regulatory system are driving technological innovation within the industry and ongoing adjustments to the market environment, thereby exposing companies to greater risks associated with transformation. To ensure strict compliance with regulatory standards relating to climate governance, emissions reduction, decarbonisation and climate adaptation, the corporate is seeing a steady increase in their investments and operational costs in areas such as climate-related due diligence and day-to-day compliance management.

Accordingly, the Group has consistently treated climate change as a key management priority. The Group are strengthening communication and coordination with shareholders and other stakeholders during the transition to a low-carbon economy, and planning to step up climate disaster simulation exercises at the appropriate time to mitigate potential operational losses.

Type of risks	Physical risks	Transition risks
Description of risks	1. Increased frequency and intensity of typhoons, rainstorms, floods, sea level rise and other extreme weathers	1. 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	1. Extended construction term, reduced income during the shutdown; 2. 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.	1. The promulgation of laws and regulations related to climate change increases the Company's compliance costs; 2. More stringent product standards, resulting in an increase in costs for purchasing equipment and increase in R&D expenses; 3. As the public demands on enterprises to cope with climate change increase, failing to meet the public expectations will undermine the corporate reputation.
Response actions	1. Positive follow climate change, forecast and assess the severity of potential risks, and take measures in advance to address climate change; 2. Check the equipment regularly, reinforce and maintain the equipment timely; 3. Strengthen inspection in case of a disaster and keep informed of its developments; 4. Insure tower cranes to reduce potential economic losses; 5. Formulate emergency plans, and conduct scenario simulation when possible; 6. Strengthen safety education and training for employees to help them address natural disasters; 7. Improve the Group's emergency response plan, and in bad weather, mandate the suspension of aloft work.	1. 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; 2. Be proactive in understanding market needs and focus on clean energy; 3. Disclose environmental performance indicators in strict accordance with the requirements of Stock Exchange, keep in touch with stakeholders, understand their expectations of the Group and make improvements; 4. 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 recognises that climate change may have adverse effects on its assets, supply chain, transport and trade, whilst also presenting potential opportunities for development. During the Reporting Period, the Group did not experience any climate-related incidents that had a material impact on its operations.

At present, the Group has taken out appropriate insurance cover for its equipment and staff to minimise losses arising from climate-related risks. At the same time, it is actively seeking partnership opportunities and participating in clean energy projects, whilst strengthening its efforts in learning, training and research and development regarding clean energy tower crane technology, thereby enhancing the Group's core competitiveness during the transition to a low-carbon economy.

Case: "CLP China Juancheng Wind Farm Projects"

Active participation in the construction and operation of wind power projects offers the Company a range of benefits, including favourable policies, economic returns, brand value and long-term development prospects. Involvement in wind power projects enables the corporate to optimise their industrial structure, break free from the constraints of traditional industries, refine their clean energy portfolio, and enhance their market competitiveness and influence within the new energy sector. At the same time, by leveraging resources across the entire wind power industry chain, the Company can explore opportunities for upstream and downstream collaboration, expand their industrial reach and grow their business scale.

Thanks to our exceptional expertise and rigorous safety management, we have achieved a flawless delivery with "zero accidents and zero deviations". The project was successfully connected to the grid at full capacity on schedule, meeting all milestones through outstanding efficiency, proven capabilities and meticulous oversight, thereby fully demonstrating the team's professional expertise and determination in the field of large-scale wind turbine installation.

The Group recognises that climate change may have adverse effects on its assets, supply chain, transport and trade, whilst also presenting potential opportunities for development. During the Reporting Period, the Group did not experience any climate-related incidents that had a material impact on its operations.

Currently, the Group has taken out relevant insurance for its equipment and staff to minimise losses arising from climate risks; at the same time, it is actively exploring partnership opportunities, participating in clean energy projects, and strengthening learning, training and research and development in clean energy tower crane technology, thereby enhancing the Group's core competitiveness during the transition to a low-carbon economy.

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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	Increase in labour and operational costs, lower utilization rate of equipment, lower income	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
Transition risks	Policy and legal risk	Increased regulatory requirements of policies 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 "dual carbon" 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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Indicators and Targets

The Group monitors its greenhouse gas emissions as part of its environmental performance indicators. Details of the emissions data are set out in Appendix 1 to this report: Summary of Sustainable Development Information.

The Company conducts climate-related risk performance assessments based on key indicators such as greenhouse gas emissions and energy consumption intensity. The Company intends to consolidate and continuously optimise its performance in terms of emissions and energy intensity, thereby earnestly fulfilling its environmental stewardship responsibilities. Moving forward, we will continue to identify environmental impact factors across all business operations, implement corresponding optimisation and rectification measures, and consistently reduce the adverse impacts of our business activities on climate change. At the same time, we will conduct routine carbon emissions tracking and monitoring, ensure accurate data collection and information disclosure, and comprehensively enhance our climate risk mitigation and refined management capabilities.

06 CARRYING VIRTUES, DELIVERING SOCIAL VALUE

The Group has consistently upheld a business philosophy centred on integrity, embedding this principle at the very foundation of its development. Through long-term engagement in charitable initiatives, participation in the formulation of industry standards, and the promotion of green infrastructure projects, the Group has closely aligned its corporate development with the broader interests of society, thereby fully demonstrating its social responsibility and corporate commitment to fostering 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

The event was a flagship charity walk organised by the Shanghai United Foundation, in which participants collectively undertook the challenge of walking 50 kilometres in 12 hours, raising a total of RMB74,000. Through this hands-on participation, the corporate's sense of social responsibility was firmly etched into the 50-kilometre journey. We measured charity with our footsteps and conveyed warmth through perseverance, perfectly embodying the true spirit of "power walking"—how small individual actions, when brought together, can foster significant change that drives society towards goodness. This walk raised valuable charitable resources for the children and planted a seed of love, courage and perseverance in the hearts of all participants and supporters.

Looking ahead, the Group will continue to uphold this commitment to public welfare and social responsibility. Whilst pursuing its own development, it will actively engage in a wide range of social welfare initiatives and work hand in hand with partners from all sectors to contribute to the creation of a better and more inclusive society.

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Case: "One-day Donation" event

During the 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 RMB10,000. Under the leadership of the Group's charity philosophy, our subsidiaries have took part in such charity donation events for 5 consecutive years, contributing to the social assistance programs of the community.

Promoting Industry Development

As one of the leading enterprises in the tower crane services sector, the Group leverages its deep professional expertise, extensive practical experience and forward-looking industry perspective to help drive high-quality development within the tower crane construction services industry. At the same time, the Group actively fosters a collaborative system for industry, academia and research, supporting the cultivation and retention of industry talent, proactively fulfilling its social responsibilities and steadfastly pursuing a path of sustainable development.

Case: Establishing Industry-Academia-Research Collaboration Mechanisms with Higher Education Institutions

The corporate is actively deepening its collaborative development with universities, having established a long-term and stable mechanism for in-depth industry-university-research cooperation with Shenyang Jianzhu University. Leveraging the university's strengths in disciplines such as architecture and civil engineering, intelligent manufacturing, urban development and new materials, as well as its research platform resources, the Company has established joint innovation platforms, internship and practical training bases, and talent development pathways. At the same time, it supports the commercialisation of the university's research outcomes and the cultivation of high-calibre, application-oriented talent, thereby achieving a favourable framework of resource sharing, complementary strengths, mutual benefit and win-win outcomes, and collaborative development between the university and the Company.

Enhancing the Well-being of the People

The Group is committed to closely integrating business operations with social responsibility. The Group actively participate in the development of various projects in infrastructure, conventional energy and clean energy, and are fully committed to supporting the green and low-carbon transformation of industries. By delivering tangible benefits to the people, the Group proactively embrace our mission and contribute its corporate strength to social development.

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APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT INFORMATION

Environmental KPIs	Unit	FY2026	FY2025
Air emissions			
Nitrogen oxides (NO_x)	kg	2,135.52	2,358.18
Sulfur oxides (SO_x)	kg	3.50	3.41
Particulate matters (PM)	kg	194.25	193.93
Nitrogen oxides(NO_x) emissions intensity per m²	kg/m²	0.014	0.009
Sulfur oxides (SO_x) emissions intensity per m²	kg/m²	0.000023	0.000012
Particulate matters (PM) emissions intensity per m²	kg/m²	0.0013	0.0007
Greenhouse gas emissions			
Direct greenhouse gas emissions (Scope 1)[1]	tonnes of CO2e	590.24	521.01
Indirect greenhouse gas emissions (Scope 2)[2]	tonnes of CO2e	1,110.71	795.19
Indirect greenhouse other emissions (Scope 3)[3]	tonnes of CO2e	190.54	166.31
Total greenhouse gas emissions (Scope 1 & 2)	tonnes of CO2e	1,700.95	1,316.20
Greenhouse gas emissions intensity per m² (Scope 1 & 2)	tonnes of CO2e/m²	0.011	0.005
Total greenhouse gas emissions (Scope 1, 2 & 3)	tonnes of CO2e	1,891.49	1,482.52
Greenhouse gas emissions intensity per m² (Scope 1,2 & 3)	tonnes of CO2e/m²	0.012	0.005
Non-hazardous waste			
Total non-hazardous waste produced[4]	kg	205,852.00	66,666.00
Non-hazardous waste intensity per employee	kg/employee	301.84	98.47
Hazardous waste			
Hazardous waste (generated from maintenance)			
Paint residue	kg	6,452	10,025
Sandblasting dust	kg	8,574	7,680
Waste engine oil	kg	1,781	2,320
Waste rags and labour protection supplies	kg	332	255
Waste chemical packaging	kg	6,065	7,560
Waste activated carbon	kg	1,100	0
Waste filter cotton	kg	1,232	1,350
Waste cartridge	kg	0	800
Total hazardous waste (generated from maintenance)[5]	kg	25,536	29,990
Hazardous waste intensity per employee (from maintenance)	kg/employee	37.44	44.30

1 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 methods in GHG Protocol and the National Greenhouse Gas Emission Factor Database.

2 Scope 2 indirect GHG emissions are emissions from purchased electricity. Electricity emission factors refer to the "Announcement on the Release of 2023 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.

3 The statistics and calculations of Scope 3 emissions cover GHG emissions generated from employee air and rail business travel (i.e., Scope 3 Category 6 - Business Travel as per the Corporate Value Chain (Scope 3) Accounting and Reporting Standard).

4 The increase in non-hazardous waste is due to the addition of dormitories within the compound this year, which has led to an increase in household waste.

5 In line with local environmental policies, the use of sandblasting and spray booths has been reduced, resulting in a decrease in the total volume of hazardous waste.

Environmental KPIs	Unit	FY2026	FY2025
Hazardous waste (generated from office activities)			
Computers	sets	8	19
Batteries	pcs	138	124
Waste ink cartridges/waste toner cartridges	pcs	44	66
Hazardous waste intensity per employee (from office activities)	sets (computers)/employee	0.01	0.03
	pcs (batteries)/employee	0.20	0.18
	pcs (waste ink cartridges/ waste toner cartridges)/ employee	0.06	0.10
Paper			
Paper consumption[6]	kg	14,423.10	6,736.10
Paper consumption intensity per employee	kg/employee	21.15	9.95
Energy consumption			
Direct energy consumption			
Gasoline	Litre	151,142.01	134,563.10
Gasoline consumption intensity per RMB10,000 revenue	Litre/RMB10,000	2.60	2.12
Diesel	Litre	83,377.73	88,798.97
Diesel consumption intensity per RMB10,000 revenue	Litre/RMB10,000	1.43	1.40
Indirect energy consumption			
Purchased electricity	kWh	2,093,303.58	1,481,913.58
Clean electricity[7]	kWh	245,931.20	67,140.40
Total electricity consumption	kWh	2,339,234.78	1,549,053.98
Electricity consumption intensity per m^2	kWh/m^2	15.07	5.43
Comprehensive energy consumption (direct + indirect energy)[8]	kWh	4,507,384.69	3,619,988.24
Comprehensive energy consumption intensity per m^2	kWh/m^2	29.04	13.26
Water			
Total water consumption[9]	m^3	12,557.78	45,266.00
Water consumption intensity per m^2	m^3/m^2	0.08	0.17

6 Due to increased business volume, we will increase paper usage in necessary areas, such as bid documents and filing documents, while promoting paperless operations in non-essential areas.

7 Clean electricity refers to the self-generated and self-consumed electricity from the solar photovoltaic systems installed on the roofs of the Group's subsidiaries' plants. The photovoltaic systems began operation in December 2024; the data for FY25 covers four months, while the data for FY26 covers the full year.

8 Comprehensive energy consumption is calculated with the energy coefficient listed in GB 2589-2020: General Rules for Calculation of the Comprehensive Energy Consumption. Indirect energy consumption consists of the increase in purchased electricity resulting from higher electricity usage in employee dormitories and the increased electricity consumption of new energy vehicles; the increase in direct energy consumption is due to aging vehicles, which leads to higher fuel consumption.

9 The Company has actively promoted and implemented water-saving measures, achieving positive results.

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Social KPIs	Unit	FY2026	FY2025
Employees			
Number of total employees	persons	682	677
Number of employees by gender			
Female	persons	121	132
Male	persons	561	545
Number of employees by employment type			
Junior employee	persons	510	500
Middle management	persons	134	136
Senior management	persons	38	41
Number of employees by age group			
Aged under 30	persons	73	104
Aged 30-50	persons	531	480
Aged over 50	persons	78	93
Number of employees by geographic region			
North China	persons	81	77
East China	persons	462	473
Central China	persons	0	0
Northwest China	persons	0	3
South China	persons	127	102
Southwest China	persons	12	22
Employee turnover rate[10]			
Total turnover rate	%	20.4%	24.9%
Employee turnover rate by gender			
Female turnover rate	%	23.4%	23.7%
Male turnover rate	%	19.7%	25.1%
Employee turnover rate by age group			
Aged under 30	%	36.0%	35.0%
Aged 30-50	%	18.7%	24.5%
Aged over 50	%	13.3%	11.4%
Employee turnover rate by geographical region			
North China	%	16.5%	17.2%
East China	%	24.3%	27.1%
Central China	%	/	/
Northwest China	%	/	25.0%
South China	%	8.0%	16.4%
Southwest China	%	/	33.3%

10 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%.

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Social KPIs	Unit	FY2026	FY2025
Employee health and safety			
Number of work-related fatalities	person	0	0
Number of lost days due to work injury	days	114.5	193
Employee training			
Total number of trained employees[11]	persons	857	901
Number of trained employees by gender			
Female employees	persons	158	173
Male employees	persons	699	728
Number of trained employees by employment type			
Junior employees	persons	675	713
Middle management	persons	142	146
Senior management	persons	40	42
Average training hours per employee by gender[12]			
Female employees	hours	140	211
Male employees	hours	193	202
Average training hours per employee by employment type[12]			
Junior employees	hours	191	216
Middle management	hours	164	178
Senior management	hours	107	88
Percentage of trained employees			
Percentage of total trained employees[13]	%	100%	100%
Percentage of trained employees by gender[14]			
Percentage of female trained employees	%	18.4%	19.2%
Percentage of male trained employees	%	81.6%	80.8%
Percentage of trained employees by age group[14]			
Aged under 30	%	13.3%	17.8%
Aged 30-50	%	76.2%	70.6%
Aged over 50	%	10.5%	11.7%
Percentage of trained employees by employment type[14]			
Junior employees	%	78.8%	79.1%
Middle management	%	16.5%	16.2%
Senior management	%	4.7%	4.7%

11 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.

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

13 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).

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

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APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Key Performance Indicators			Relevant Section
A. Environmental			
A1: Emissions	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 waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.1 Emission and Waste Management
	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	(Deleted on 1 January 2025)	
	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

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 policies that have and may have an impact on the issuer, and the response actions.	5.4 Response to Climate Change
	A4.1	(Deleted on 1 January 2025) Please refer to the "Climate-related Information Disclosure" appendix below.	
Climate-related Information Disclosure			
	Governance	The Board of Directors govern our climate change related risk and opportunities.	5.4 Response to Climate Change
	Strategies	Climate-related risk, opportunities and financial impact (including timeframes and resilience)	5.4 Response to Climate Change
	Risk Management	Identification, assessment, and management of climate-related risks	5.4 Response to Climate Change
	Goals and Objectives	Indicators, targets, and greenhouse gas emissions data used to assess and manage climate-related risks	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

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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 Growth
	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

Key Performance Indicators			Relevant Section
B6: Product Responsibility	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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	01 Product Responsibility, Creating Quality Services
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	1.1 Excellent Quality Management
	B6.2	Number of products and service related complaints received and how they are dealt with.	1.2 High-quality Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.4 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	1.1 Excellent Quality Management 1.2 High-quality Customer Service
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.5 Data Privacy and Info Security
B7: Anti-corruption	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 bribery, extortion, fraud and money laundering.	4.2 Business Ethics and Anti-corruption
	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
	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
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	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

RSM

TO THE SHAREHOLDERS OF TAT HONG EQUIPMENT SERVICE 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 109 to 179, which comprise the consolidated statement of financial position as at 31 March 2026, 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 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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**") as 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**"), as applicable to audits of financial statements of public interest entities. We have also 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

3. Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of one-stop tower crane solution services Refer to Note 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 RMB523,772,000 and RMB57,950,000 respectively for the year ended 31 March 2026. 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.	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	How our audit addressed the 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 2026, the Group recognised contract assets and trade receivables of RMB211,372,000 and RMB666,119,000 respectively and the loss allowance on contract assets and trade receivables is approximately RMB2,369,000 and RMB29,863,000 respectively. The Group recorded provision for net impairment loss on contract assets and trade receivables in the consolidated statements of comprehensive income of approximately RMB8,150,000 for the year ended 31 March 2026. 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.	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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets	Our audit procedures in relation to the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets included the following:
Refer to Note 4.4, 4.5, 4.6 and 4.22 in the material accounting policy information and Note 5 regarding critical estimates and judgements to the consolidated financial statements. As at 31 March 2026, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets were RMB1,416 million, RMB217 million and RMB10 million, respectively. The Group incurred a loss for the year ended 31 March 2026 of RMB120 million. Accordingly, management considered that there were indicators of potential impairment of property, plant and equipment, right-of-use assets and intangible assets. Management has performed an impairment assessment as at 31 March 2026 with reference to valuation which has incorporated management's cash flow forecasts. The recoverable amount of an asset or a cash generating unit ("**CGU**") is the greater of its value in use and fair value less costs of disposal. The impairment assessment prepared by management uses the value in use model to determine the recoverable amount of the CGU to which these assets are allocated. Value in use is calculated by preparing discounted cash flows for the CGU. Significant management judgement was involved in the identification of CGUs, whether cash inflows are largely independent and in determining the key assumptions adopted in the cash flow forecast, including revenue growth rates and discount rates under the value in use calculation. There was no impairment loss identified based on this impairment assessment. We focused on this area because the impairment assessments prepared by management require significant judgement and estimates.	• Obtaining an understanding of management's internal control and processes in relation to the preparation of impairment assessment and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement on key assumptions used in preparing the cash flow forecast for the purpose of impairment assessment; • Evaluating management's identification of CGU and whether the assets generate cash inflows that are largely independent, based on our understanding of the Group's business; • Engaging our valuation specialists to assist us in evaluating the methodology used by management in the preparation of the discounted cash flow forecast for CGU with reference to the requirements of the prevailing accounting standards; • Challenging the reasonableness of key assumptions, including revenue growth rate and discount rate, based on our knowledge of the business and industry, and our consideration of market data; • Reconciling input data to supporting evidence including approved budgets and considering the historical accuracy of management's budgets; • Testing the mathematical accuracy of the discounted cash flow model; and • Assessing the appropriateness of the discount rates used with the assistance of our valuation specialists.

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 disclosure requirements of 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional 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

12 June 2026

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2026

	Note	Year ended 31 March 2026 RMB'000	2025 RMB'000
Revenue	8	**581,722**	634,561
Cost of sales	11	**(525,738)**	(563,460)
Gross profit		**55,984**	71,101
Selling and distribution expenses	11	**(14,745)**	(15,390)
General and administrative expenses	11	**(78,412)**	(85,344)
Research and development expenses	11	**(21,424)**	(15,356)
Provision for financial assets and contract assets		**(21,925)**	(3,101)
Other income	9	**2,480**	3,875
Other losses, net	10	**(950)**	(969)
Operating loss		**(78,992)**	(45,184)
Finance costs	12	**(63,973)**	(62,310)
Finance income	12	**615**	934
Loss before income tax		**(142,350)**	(106,560)
Income tax credit/(expense)	13	**22,506**	(13,917)
Loss for the year		**(119,844)**	(120,477)
Loss for the year attributable to:			
Owners of the Company		**(120,627)**	(120,553)
Non-controlling interest		**783**	76
		(119,844)	(120,477)
Other comprehensive loss, net of tax			
Item that may be reclassified to profit or loss:			
Currency translation difference		**(557)**	(125)
Other comprehensive loss for the year, net of tax		**(557)**	(125)
Total comprehensive loss for the year, net of tax		**(120,401)**	(120,602)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(121,049)**	(120,678)
Non-controlling interest		**648**	76
		(120,401)	(120,602)
Basic and diluted loss per share (RMB)	17	**(0.10)**	(0.10)

Consolidated Statement of Financial Position

At 31 March 2026

	Note	As at 31 March 2026 RMB'000	2025 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**1,415,707**	1,539,391
Right-of-use assets	20	**217,397**	167,809
Intangible assets	21	**9,550**	13,100
Contract assets	7	**52,439**	25,294
Other non-current assets	22	**65,919**	130,104
Total non-current assets		**1,761,012**	1,875,698
Current assets			
Inventories	24	**51,342**	35,141
Contract assets	7	**156,564**	216,684
Trade receivables	25	**636,256**	683,933
Prepayments and other receivables	26	**124,482**	136,855
Financial assets at fair value through other comprehensive income	27	**9,900**	13,031
Restricted cash	28	**–**	370
Cash and cash equivalents	28	**146,480**	145,531
Total current assets		**1,125,024**	1,231,545
Total assets		**2,886,036**	3,107,243

Consolidated Statement of Financial Position

At 31 March 2026

	Note	As at 31 March 2026 RMB'000	2025 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	32	**498,317**	507,072
Lease liabilities	20	**101,740**	92,965
Deferred income tax liabilities	31	**45,415**	68,413
Provisions	35	**13,446**	32,825
Total non-current liabilities		**658,918**	701,275
Current liabilities			
Trade and bills payables	33	**338,130**	365,222
Contract liabilities	7	**5,632**	1,960
Other payables and accruals	34	**33,750**	33,272
Borrowings	32	**566,368**	615,553
Lease liabilities	20	**52,899**	48,711
Provisions	35	**48,295**	38,805
Total current liabilities		**1,045,074**	1,103,523
Total liabilities		**1,703,992**	1,804,798
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	**593,026**	593,026
Reserves	30	**514,449**	514,249
Retained earnings		**72,223**	193,472
		1,179,698	1,300,747
Non-controlling interests		**2,346**	1,698
Total equity		**1,182,044**	1,302,445
Total equity and liabilities		**2,886,036**	3,107,243

Approved by the board of directors on 12 June 2026 and signed by the following directors:

Yau Kok San	**Lin Han-wei**
Director	*Director*

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2026

	Attributable to owners of the Company								
	Share capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Statutory reserve** RMB'000	**Other reserves** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
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)	76	(120,477)
Other comprehensive income:									
– Currency translation difference	–	–	–	–	(125)	–	(125)	–	(125)
Total comprehensive income	–	–	–	–	(125)	(120,553)	(120,678)	76	(120,602)
Establishment of a subsidiary with non-controlling interests	–	–	–	–	–	–	–	1,622	1,622
At 31 March 2025	593,026	181,942	243,605	60,300	28,402	193,472	1,300,747	1,698	1,302,445
At 1 April 2025	**593,026**	**181,942**	**243,605**	**60,300**	**28,402**	**193,472**	**1,300,747**	**1,698**	**1,302,445**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(120,627)**	**(120,627)**	**783**	**(119,844)**
Other comprehensive income:									
– Currency translation difference	**–**	**–**	**–**	**–**	**(422)**	**–**	**(422)**	**(135)**	**(557)**
Total comprehensive income	**–**	**–**	**–**	**–**	**(422)**	**(120,627)**	**(121,049)**	**648**	**(120,401)**
Statutory reserve	**–**	**–**	**–**	**622**	**–**	**(622)**	**–**	**–**	**–**
At 31 March 2026	**593,026**	**181,942**	**243,605**	**60,922**	**27,980**	**72,223**	**1,179,698**	**2,346**	**1,182,044**

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2026

	Note	Year ended 31 March 2026 RMB'000	2025 RMB'000
Cash flows from operating activities			
Cash generated from operations	36	**260,883**	365,592
Interest received		**615**	934
Interest paid		**(54,073)**	(52,008)
Income taxes paid		**(1,018)**	(3,687)
Net cash inflow from operating activities		**206,407**	310,831
Cash flows from investing activities			
Payments for property, plant and equipment		**(150,201)**	(287,808)
Payments for intangible assets		**(949)**	(844)
Proceeds from disposals of property, plant and equipment and right-of-use assets	36	**102,481**	35,045
Net cash outflow from investing activities		**(48,669)**	(253,607)
Cash flows from financing activities			
Proceeds from borrowings		**1,393,496**	813,800
Repayment of borrowings		**(1,451,196)**	(801,890)
Payments for lease liabilities	36	**(100,705)**	(64,846)
Contribution from non-controlling interest		**–**	1,622
Net cash outflow from financing activities		**(158,405)**	(51,314)
Net decrease in cash and cash equivalents		**(667)**	5,910
Cash and cash equivalents at beginning of the year	28	**145,531**	138,938
Effects of exchange rate changes on cash and cash equivalents		**1,616**	683
Cash and cash equivalents at end of the year	28	**146,480**	145,531

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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 12 June 2026.

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 2026, the Group had approximately RMB146 million in bank and cash balances, while outstanding borrowings totaled approximately RMB1,065 million, with approximately RMB566 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;

2. BASIS OF PREPARATION *(Continued)*

(c) The Group had committed and undrawn short-term borrowing facilities of approximately RMB6 million and committed and undrawn long-term borrowing facilities of approximately RMB73 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 covering at least a 12 month period from the end of reporting period 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, nuclear power and wind 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 2026

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has adopted all of the new or amended HKFRS Accounting Standards and Interpretations issued by the HKICPA that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

(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 2026 and which have not been early adopted by the Group for the annual reporting period ended 31 March 2026. The company's assessment of the impact of these new or amended HKFRS Accounting Standards and Interpretations, most relevant to the company, are set out below:

	Effective for accounting periods beginning on or after
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
Amendment to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 – Presentation and Disclosure in Financial Statements	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.

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

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

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 new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 March 2027 will be restated in accordance with HKFRS 18.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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 HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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.

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.

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 2026

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 2026

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 2026

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.

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 2026

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.

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 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

Borrowing costs are expensed in the period in which they are incurred.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.16 Current and deferred income tax *(Continued)*

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.17 Employee benefits *(Continued)*

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.

4.18 Provisions

Provisions 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 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.19 Revenue recognition *(Continued)*

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

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

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

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

Dry lease

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

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. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.22 Leases *(Continued)*

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.

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.

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 2026

5. CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)*

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment, right-of-use assets and intangible assets as at 31 March 2026 were RMB1,415,707,000 (2025: RMB1,539,391,000), RMB217,397,000 (2025: RMB167,809,000) and RMB9,550,000 (2025: RMB13,100,000) respectively.

Impairment of other receivables

When in estimating ECL on other receivables, the Group assess credit quality on each debtor and the related company based on its background information, financial position, past settlement experience and other relevant factors to determine the stage of credit quality, probability of default and the loss given default with forward-looking information which are reasonable and supportable without undue cost or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL on debtors and the related company is sensitive to changes in estimates as the outcome would be vary depending on the selection of input applied. Financial uncertainty has been triggered by interest rate hike and geopolitical situation. The Group has assessed the expected loss rate with reference to the probability of default and loss given default reflected by the market conditions as at 31 March 2026. The information about the ECL of the Group's other receivables are disclosed in Note 6.1 and Note 26.

As at 31 March 2026, the carrying amount of other receivables is RMB82,225,000 (net of impairment allowance of RMB13,775,000) (2025: RMB95,856,000 (net of impairment allowance of RMB Nil)).

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.

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 2026, 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 RMB200,000 (2025: RMB21,000) lower/higher.

As at 31 March 2026, 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 RMB30,000 (2025: RMB23,000) lower/higher.

As at 31 March 2026, if HKD has strengthened/weakened by 5% against RMB, with all other variables held constant, the profit before income tax for the year would have been approximately RMB1,360,872 (2025: RMB2,170,000) 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 2026, 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 RMB317,000 (2025: RMB302,000) 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 2026

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 2026

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 2026						
Trade receivables						
Gross carrying amount	**220,505**	**137,309**	**73,733**	**100,217**	**134,355**	**666,119**
Loss allowance	**(2,392)**	**(3,107)**	**(3,041)**	**(5,772)**	**(15,551)**	**(29,863)**
Expected loss rate	**0.99%-4.04%**	**1.74%-10.05%**	**3.59%-23.7%**	**3.10%-22.26%**	**5.15%-41.90%**	
Contract assets – current and non-current						
Gross carrying amount	**211,372**	**–**	**–**	**–**	**–**	**211,372**
Loss allowance	**(2,369)**	**–**	**–**	**–**	**–**	**(2,369)**
Expected loss rate	**0.99%-4.04%**	**–**	**–**	**–**	**–**	

	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%	
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%	–	–	–	–	

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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	
	2026	2025
	RMB'000	RMB'000
Contract assets		
At the beginning of the year	**1,194**	1,129
Provision for impairment losses	**1,175**	65
At the end of the year	**2,369**	1,194
Trade receivables		
At the beginning of the year	**22,994**	19,958
Provision for impairment losses	**6,975**	3,264
Currency translation differences	**(106)**	(228)
At the end of the year	**29,863**	22,994

(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 2026 and 2025. 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.

For other receivables, the Group measures the loss allowance at 12 month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables had a significant increase in credit risk since initial recognition. The Group monitors these balances on an ongoing basis, and has recognised full expected credit losses for these high-risk receivables. Apart from the above individually assessed high-risk receivables, the Group's net exposure to credit risk is not significant, as the Group only trades with creditworthy third parties for the majority of its operations and no collateral is required.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

6. FINANCIAL RISK MANAGEMENT *(Continued)*

6.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

(iii) Credit risk of other receivables(Continued)

Where applicable, an impairment analysis on other receivables is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Group has provided ECL amounting to RMB13,775,000 (2025: RMB Nil) for other receivables for the year ended 31 March 2026.

(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 RMB601 million (2025: RMB700 million) as at 31 March 2026, 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

6. FINANCIAL RISK MANAGEMENT *(Continued)*

6.1 Financial risk factors *(Continued)*

Liquidity risk *(Continued)*

For those debt covenants that the Group is required to comply with within twelve months after the end of the reporting period, there are no indications up to the date of these consolidated financial statements that the Group would have difficulties complying with them when they are next tested.

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

	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 2026					
Borrowings	**566,368**	**175,291**	**323,026**	**–**	**1,064,685**
Trade and bills payables	**338,130**	**–**	**–**	**–**	**338,130**
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	**12,659**	**–**	**–**	**–**	**12,659**
Interest payables	**43,483**	**17,256**	**20,013**	**–**	**80,752**
Lease liabilities	**61,536**	**48,582**	**56,539**	**3,728**	**170,385**
	1,022,176	**241,129**	**399,578**	**3,728**	**1,666,611**

	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

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 2026 and 2025 were as follows:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Net debt	**1,079,356**	1,123,659
Total equity	**1,182,044**	1,302,445
Total capital	**2,261,400**	2,426,104
The net debt to total capital ratio	**48%**	46%

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 2026

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 2026				
Assets				
Financial assets at fair value through other comprehensive income	**–**	**–**	**9,900**	**9,900**
As at 31 March 2025				
Assets				
Financial assets at fair value through other comprehensive income	–	–	13,031	13,031

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

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

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

Fair value As at 31 March		Un-observable	Inputs (probability-weighted average) Year ended 31 March	
2026 **RMB'000**	2025 RMB'000		**2026** **RMB'000**	2025 RMB'000
9,900	13,031	Discount rates quoted in main state-owned banks	**3.82%**	2.78%

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 2026 and 2025 by approximately RMB3,000/RMB4,000 and RMB12,000/RMB12,000, respectively.

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 the majority of revenue and operating losses of the Group are derived from the PRC and the predominant portion of the operating assets of the Group are located in the PRC. While the Group has limited operations in other jurisdictions, including Indonesia and Hong Kong, these are not material. Accordingly, the PRC is considered the primary economic environment in which the Group operates, 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	
	2026	2025
	RMB'000	RMB'000
Customer A	**N/A***	88,810
Customer B	**105,120**	78,008
Customer C	**N/A***	69,903
Total	**105,120**	236,721

* Revenue did not contribute over 10% of total revenue of the Group for the year.

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

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Contract assets		
Non-current	**52,986**	25,399
Loss allowance	**(547)**	(105)
	52,439	25,294
Current	**158,386**	217,773
Loss allowance	**(1,822)**	(1,089)
	156,564	216,684
Total contract assets	**209,003**	241,978

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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	
	2026	2025
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**1,018**	1,930

(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	
	2026	2025
	RMB'000	RMB'000
One-stop tower crane solution services	**787,613**	769,568
Dry lease	**29,422**	30,477
	817,035	800,045

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB667,598,000 as of 31 March 2026 (2025: RMB468,569,000) will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB149,437,000 (2025: 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	
	2026	2025
	RMB'000	RMB'000
Timing of revenue recognition		
– Over the time		
One-stop tower crane solution services:		
– Operating Lease	**226,149**	237,482
– Hoisting Service	**297,623**	384,028
Dry lease	**57,950**	13,051
	581,722	634,561

9. OTHER INCOME

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Value-added tax refund	**24**	47
Government grants	**447**	191
Others	**2,009**	3,637
	2,480	3,875

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	
	2026	2025
	RMB'000	RMB'000
Exchange gain	**4,684**	683
Losses on disposal of property, plant and equipment and right-of-use assets	**(5,634)**	(1,652)
	(950)	(969)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

11. EXPENSES BY NATURE

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets (Notes 19 and 20)	**277,984**	273,507
Labour subcontracting cost	**190,202**	217,702
Employee benefit expenses (Note 14)	**80,296**	78,166
Rental expenses	**21,693**	30,358
Material fees	**7,287**	13,660
Travel expenses	**11,793**	12,349
Repair expenses	**2,565**	4,443
Commission expenses	**10,728**	10,848
Entertainment expenses	**4,402**	5,412
Professional fees	**6,858**	5,180
Amortisation of intangible assets (Note 21)	**4,499**	4,454
Office expenses	**5,767**	5,918
Transportation expenses	**2,286**	2,822
Auditor's remuneration	**1,982**	1,981
Others	**11,977**	12,750
	640,319	679,550

12. FINANCE COSTS AND INCOME

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings	**55,326**	52,897
Interest expenses on lease liabilities	**8,284**	7,581
Net exchange losses on foreign currency borrowings	**363**	1,832
Total finance costs	**63,973**	62,310
Finance income:		
Interest income	**(615)**	(934)
Finance costs – net	**63,358**	61,376

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

13. INCOME TAX (CREDIT)/EXPENSE

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

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Current tax		
Provision for the year	**400**	–
Withholding tax	**92**	3,309
Deferred income tax	**(22,998)**	10,608
Income tax (credit)/expense	**(22,506)**	13,917

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	
	2026	2025
	RMB'000	RMB'000
Loss before taxation	**(142,350)**	(106,560)
Tax calculated at tax rates applicable to profits of the respective subsidiaries	**(28,595)**	(20,044)
Expenses not deductible for tax purposes	**774**	735
Temporary difference for which no deferred tax asset was recognised	**5,910**	127
Tax losses for which no deferred tax asset was recognised	**6,247**	13,513
Utilisation of the tax losses unrecognized previously	**–**	(301)
Effect of change in tax rate on deferred tax balance	**–**	18,536
Super deductions from research and development expenditures	**(6,934)**	(1,958)
Withholding tax	**92**	3,309
Income tax (credit)/expense	**(22,506)**	13,917

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.

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For the Year Ended 31 March 2026

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

Pursuant to the relevant laws and regulation in the PRC, the Group's subsidiaries, 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.

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	
	2026	2025
	RMB'000	RMB'000
Wages, salaries and bonuses	**64,888**	60,890
Pension costs-defined contribution plans	**7,312**	4,986
Other social security and housing fund	**5,675**	9,320
Other employee benefits	**2,421**	2,970
	80,296	78,166

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

(a) Five highest paid individuals

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Wages and salaries	**5,885**	6,261
Discretionary bonuses	**1,087**	1,538
Pension costs-defined contribution plans	**260**	370
Other social security and housing fund	**198**	53
Other employee benefits	**75**	–
	7,505	8,222

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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 (2025: including two directors), within the following bands:

	Year ended 31 March 2026	2025
HKD500,000 to HKD1,000,000	**2**	1
HKD1,000,000 to HKD1,500,000	**–**	1
HKD1,500,000 to HKD2,000,000	**1**	1
HKD2,000,000 to HKD2,500,000	**2**	–
HKD2,500,000 to HKD3,000,000	**–**	2
	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 2026:

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)	–	1,900	333	61	–	2,294
Lin Han-wei	–	1,900	333	–	–	2,233
Non-executive directors:						
Ng San Tiong (also Chairman)	180	–	–	–	–	180
Sun Zhaolin	96	–	–	–	–	96
Liu Xin	96	–	–	–	–	96
Guo Jinjun (note ii)	–	–	–	–	–	–
Wang Dongjie (note iii)	–	–	–	–	–	–
Independent non-executive director:						
Pan I-shan	120	–	–	–	–	120
Wan Kum Tho	120	–	–	–	–	120
Huang Chao-Jen	120	–	–	–	–	120
Total	732	3,800	666	61	–	5,259

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For the Year Ended 31 March 2026

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 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 (note i)	–	–	–	–	–	–
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:

(i) Mr. Guo Jinjun has voluntarily waived director fee of RMB96,000 for the year ended 31 March 2025.

(ii) Mr. Guo Jinjun waived director fee of RMB34,981 for the period from 1 April 2025 to 12 August 2025. He resigned from his position as a director on 12 August 2025.

(iii) Mr. Wang Dongjie was appointed as non-executive directors of the Company commenced from 12 August 2025. He waived his director's fee of RMB61,019 for the period from 12 August 2025 to 31 March 2026.

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 2026 and 2025.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits for the years ended 31 March 2026 and 2025.

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

During the years ended 31 March 2026 and 2025, 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 2026 and 2025.

(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 2026 and 2025.

16. DIVIDENDS

No dividend has been paid or proposed during the year. (2025: 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	
	2026	2025
	RMB'000	RMB'000
Loss attributable to the ordinary equity holders of the Company	**(120,627)**	(120,553)
Weighted average number of ordinary shares in issue ('000)	**1,166,871**	1,166,871
Basic and diluted loss per share (RMB)	**(0.10)**	(0.10)

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18. INVESTMENT IN SUBSIDIARIES

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Investment in unlisted shares	**922,026**	912,086

The following is a list of subsidiaries at 31 March 2026:

Company name	Country/Place and date of incorporation	Type of legal entity	Paid-up capital	Attributable equity interest to the Company Direct	Attributable equity interest to the Company Indirect	Principal activities and place of operation
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
ZhongHe Huaxing Tat Hong Machinery Construction Co., Ltd. (Formerly named: China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.) ("**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	SGD1,800,010	100.00%	–	Installation, maintenance and leasing of construction machinery and equipment, in Singapore

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 Direct	Attributable equity interest to the Company Indirect	Principal activities and place of operation
Chongqing Tat Hong Chenzhu New Energy Technology Development Co., Ltd. (formerly known as 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 2024 and 1 April 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
Year ended 31 March 2026							
Opening net book amount	**35,990**	**1,485,058**	**3,266**	**4,368**	**7,727**	**2,982**	**1,539,391**
Additions	**364**	**168,860**	**917**	**3,584**	**244**	**30,528**	**204,497**
Disposals	**–**	**(98,695)**	**(155)**	**(175)**	**–**	**(2,390)**	**(101,415)**
Depreciation	**(1,843)**	**(220,892)**	**(1,187)**	**(1,452)**	**(1,392)**	**–**	**(226,766)**
Transfer	**–**	**17,810**	**–**	**25**	**–**	**(17,835)**	**–**
Net book amount	**34,511**	**1,352,141**	**2,841**	**6,350**	**6,579**	**13,285**	**1,415,707**
As at 31 March 2026							
Cost	**41,264**	**2,439,449**	**10,316**	**16,546**	**22,338**	**13,285**	**2,543,198**
Accumulated depreciation	**(6,753)**	**(1,087,308)**	**(7,475)**	**(10,196)**	**(15,759)**	**–**	**(1,127,491)**
Net book amount	**34,511**	**1,352,141**	**2,841**	**6,350**	**6,579**	**13,285**	**1,415,707**

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

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

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Cost of sales	**221,174**	218,253
General and administrative expenses	**4,996**	6,728
Research and development expenses	**595**	640
Selling and distribution expenses	**1**	5
	226,766	225,626

As at 31 March 2026, the Group pledged machineries with carrying amount of approximately RMB502,274,000 (2025: RMB928,759,000) for the bank borrowings and other borrowings of the Group (Note 32(v)).

As at 31 March 2026, the Group pledged buildings with carrying amount of approximately RMB4,396,000 (2025: RMB4,679,000) 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	
	2026	2025
	RMB'000	RMB'000
Right-of-use assets		
Land-use rights	**11,118**	11,530
Machinery	**179,115**	124,870
Office	**7,167**	7,466
Warehouse	**19,553**	23,331
Others	**444**	612
	217,397	167,809
Lease liabilities		
Current	**52,899**	48,711
Non-current	**101,740**	92,965
	154,639	141,676

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For the Year Ended 31 March 2026

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 2026 were RMB105,384,000 (2025: RMB120,966,000).

As at 31 March 2026, the lease liabilities of RMB21,513,000 (2025: RMB32,842,000) were secured by the pledge of the machinery with the carrying value of RMB36,579,000 (2025: RMB41,224,000).

As at 31 March 2026, the land-use rights with carrying value of approximately RMB11,118,000 (2025: RMB11,530,000) 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	
	2026	2025
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	**412**	412
Machinery	**42,512**	36,066
Office	**3,220**	4,993
Warehouse	**4,744**	5,647
Others	**330**	763
	51,218	47,881
Interest expense (included in finance costs)	**8,284**	7,581

The total cash outflow for leases of the year ended 31 March 2026 were RMB122,398,000 (2025: RMB100,204,000).

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21. INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
As at 31 March 2024 and 1 April 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
Year ended 31 March 2026			
Opening net book amount	**2,929**	**10,171**	**13,100**
Additions	**949**	**–**	**949**
Amortisation charge (Note 11)	**(841)**	**(3,658)**	**(4,499)**
Net book amount	**3,037**	**6,513**	**9,550**
As at 31 March 2026			
Cost	**11,695**	**36,654**	**48,349**
Accumulated amortisation	**(8,658)**	**(30,141)**	**(38,799)**
Net book amount	**3,037**	**6,513**	**9,550**

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

21. INTANGIBLE ASSETS *(Continued)*

Amortisation of the intangible assets has been recognised as follows:

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
General and administrative expenses	**4,499**	4,454

22. OTHER NON-CURRENT ASSETS

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Prepayments for non-current assets (Note 26)	**29,130**	84,788
Deposits	**31,562**	40,071
Others	**5,227**	5,245
	65,919	130,104

23. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	**9,900**	13,031
Financial assets at amortised cost:		
Other non-current assets	**36,789**	45,316
Trade receivables	**636,256**	683,933
Other receivables	**45,438**	50,540
Restricted cash (Note 28)	**–**	370
Cash and cash equivalents (Note 28)	**146,480**	145,531
	864,963	925,690
	874,863	938,721

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**338,130**	365,222
Other payables and accruals (excluding other tax payables, payroll and welfare payables)	**19,171**	18,299
Borrowings	**1,064,685**	1,122,625
Lease liabilities	**154,639**	141,676
	1,576,625	1,647,822

24. INVENTORIES

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Accessories	**51,342**	35,141

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB7,287,000 for the year ended 31 March 2026 (2025: RMB13,660,000).

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25. TRADE RECEIVABLES

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Accounts receivables	**666,119**	706,927
Less: provision for impairment	**(29,863)**	(22,994)
	636,256	683,933

The majority of the Group's receivables are with credit terms from 30 days to 90 days. At 31 March 2026 and 2025, the aging analysis of the trade receivables, based on invoice date were as follows:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
0 to 180 days	**357,814**	371,217
181 days to 365 days	**73,733**	80,437
1 to 2 years	**100,217**	132,898
More than 2 years	**134,355**	122,375
	666,119	706,927

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 2026, the Group pledged accounts receivable with carrying amount of approximately RMB143,475,000 (2025: RMB236,907,000) for the bank borrowings of the Group (Note 32(v)).

The Group's trade receivables were denominated in RMB.

26. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Recoverable value-added tax ("**VAT**")	**51,710**	51,324
Prepayments to vendors	**49,058**	108,623
Receivables for disposal of property, plant and equipment	**36,571**	29,871
Staff and vendors advances	**16,323**	13,230
Prepaid expenses	**3,767**	5,666
Insurance claim receivables	**2,671**	3,677
Prepayments to related parties (Note 38)	**771**	3,264
Amounts due from related parties (Note 38)	**3,648**	3,762
Others	**2,868**	2,226
	167,387	221,643
Less: Allowance for expected credit losses	**(13,775)**	–
	153,612	221,643
Less: prepayments for non-current assets (Note 22)	**(29,130)**	(84,788)
	124,482	136,855

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	
	2026	2025
	RMB'000	RMB'000
Commercial acceptance notes	**439**	3,980
Bank acceptance notes	**9,461**	9,051
	9,900	13,031

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28. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Cash and cash balances	**146,480**	145,901
Less: Restricted cash (Note)	**–**	(370)
	146,480	145,531

Cash and bank balances are denominated in the following currencies:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
RMB	**142,467**	140,983
HKD	**1,542**	2,103
USD	**127**	66
SGD	**789**	82
IDR	**1,555**	2,667
	146,480	145,901

Note: The restricted cash represents the following balances:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Deposits for borrowing (Note 32(v))	**–**	370

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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 2025 and 2026 (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 2026 and 2025 comprised 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 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

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31. DEFERRED INCOME TAX

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

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Deferred income tax assets:		
to be recovered within 12 months	**23,756**	23,122
to be recovered after more than 12 months	**40,241**	9,955
Total deferred tax assets	**63,997**	33,077
Set-off with deferred tax liabilities	**(63,997)**	(33,077)
Net deferred income tax assets	**–**	–

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Deferred income tax liabilities:		
to be recovered within 12 months	**33,488**	31,790
to be recovered after more than 12 months	**75,924**	69,700
Total deferred tax liabilities	**109,412**	101,490
Set-off with deferred tax assets	**(63,997)**	(33,077)
Net deferred income tax liabilities	**45,415**	68,413

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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 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**
Recognised in the profit or loss	**143**	**3,459**	**(390)**	**(3)**	**(290)**	**28,001**	**30,920**
At 31 March 2026	**1,460**	**8,111**	**1,861**	**3,516**	**1,542**	**47,507**	**63,997**

	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 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)**
Recognised in the profit or loss	**(7,696)**	**(211)**	**(15)**	**–**	**(7,922)**
At 31 March 2026	**(102,672)**	**(1,890)**	**(447)**	**(4,403)**	**(109,412)**

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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	
	2026	2025
	RMB'000	RMB'000
Tax losses expiring within 1 year	**11,277**	7,861
Tax losses expiring between 1-2 years	**20,529**	12,467
Tax losses expiring between 2-3 years	**47,458**	20,545
Tax losses expiring between 3-4 years	**29,509**	47,458
Tax losses expiring between 4-5 years	**24,987**	29,509
	133,760	117,840

Unrecognised temporary differences are as follows:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Temporary difference for which no deferred tax liability was recognised:		
– Withholding tax for distributable retained profits of the Company's subsidiaries in the PRC	**110,980**	71,833
Unrecognised deferred tax liability relating to the above temporary difference	**11,098**	7,183

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax.

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

32. BORROWINGS

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Non-current		
Bank borrowings - Secured	**427,110**	413,609
Bank borrowings - Unsecured	**33,952**	32,686
Other borrowings	**37,255**	60,777
	498,317	507,072
Current		
Bank borrowings – Secured	**367,792**	442,459
Bank borrowings – Unsecured	**8,735**	9,956
Commercial papers (Note 32(vi))	**161,295**	119,447
Unsecured bank loans - supplier finance arrangements (Note 32(viii))	**2,330**	13,002
Other borrowings	**26,216**	30,689
	566,368	615,553
Total borrowings	**1,064,685**	1,122,625

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

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Within 1 year	**566,368**	615,553
Between 1 and 2 years	**175,291**	359,236
Between 2 and 5 years	**323,026**	147,836
	1,064,685	1,122,625

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

32. BORROWINGS *(Continued)*

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

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
RMB	**865,467**	967,036
SGD	**168,358**	119,447
HKD	**30,860**	36,142
	1,064,685	1,122,625

(iii) The weighted average effective interest rates per annum for the years ended 31 March 2026 and 2025 were as follows:

	Year ended 31 March	
	2026	2025
RMB	**2.9%**	4.5%
SGD	**4.0%**	5.4%
HKD	**4.3%**	6.2%

(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 RMB675,919,000 (2025: RMB841,476,000) are secured by the Group's machineries of RMB376,180,000 (2025: RMB783,297,000) (Note 19), building of RMB4,396,000 (2025: RMB4,679,000) (Note 19), land-use right of RMB11,118,000 (2025: RMB11,530,000) (Note 20), account receivables of RMB143,475,000 (2025: RMB236,907,000) (Note 25), and bank deposits of Nil (2025: RMB390,000) (Note 28).

Other borrowings of RMB63,472,000 (2025: RMB91,466,000) are secured by the Group's machineries of RMB126,094,000 (2025: RMB145,462,000) (Note 19).

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.

During the year ended 31 March 2026, the Company issued four (2025: four) tranches of short-term commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme. The issuances comprised the 3-month SGD Series 005 Issuance to 3-month Series 008 Issuance (2025: 3-month SGD Series 001 Issuance to 3-month Series 004 Issuance), bearing interest rates ranging from 4.3% to 5.05% per annum (2025: 5.2% to 5.6% per annum) and maturing approximately three months from their respective dates of issuance. The commercial papers were subscribed by related parties with interest expenses as followings:

		During the year ended 31 March	
		2026	2025
Name	**Relationship**	**RMB'000**	RMB'000
Tat Hong International Pte. Ltd.	The controlling shareholder	**1,940**	2,020
Tat Hong Plant Leasing Pte. Ltd.	A fellow subsidiary	**–**	224
Yau Kok San	Executive director	**57**	–
		1,997	2,224

As at 31 March 2026, the outstanding commercial papers amounted to approximately SGD30.13 million (equivalent to RMB161.430 million) (2025: SGD22.05 million (equivalent to RMB119.45 million), which bear interest at approximately 4.3% per annum (2025: 5.2% per annum), unsecured and are repayable within three months. The commercial papers were subscribed by related parties with principal and interest payable as followings:

		As at 31 March	
		2026	2025
Name	**Relationship**	**RMB'000**	RMB'000
Tat Hong International Pte. Ltd.	The controlling shareholder	**35,947**	47,113
Yau Kok San	Executive director	**2,160**	–
		38,107	47,113

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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.

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 trade amounts owed to a related company.

Under these arrangements, the bank pay a related company the trade 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 364 days after the original due dates with the related company, with interest. Notwithstanding the extended settlement terms, the overall credit period from the invoice date to repayment generally remains within one year. Accordingly, the related liabilities are classified as current.

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 2026, the carrying amount of financial liabilities under these arrangements amounted to RMB2 million (2025: RMB13 million) of which the related company 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, during the year ended 31 March 2026, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the related company by the bank amounting to RMB2 million (2025: RMB13 million) are non-cash transactions.

33. TRADE AND BILLS PAYABLES

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Accounts payable	**292,361**	317,669
Bills payable	**45,769**	47,553
	338,130	365,222

As at 31 March 2026 and 2025, 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	
	2026	2025
	RMB'000	RMB'000
Within 3 months	**83,793**	122,356
Between 3 months and 1 year	**114,964**	122,497
Between 1 year and 2 years	**51,334**	45,922
Between 2 years and 3 years	**21,058**	21,548
Between 3 years and 5 years	**19,061**	3,046
Over 5 years	**2,151**	2,300
	292,361	317,669

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

As at 31 March 2026 and 2025, the aging of bills payable was within one year.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

34. OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Current		
Payroll and welfare payables	**9,106**	8,679
Other taxes payable	**5,473**	6,294
Accrued expenses	**4,048**	9,928
Interest payables	**6,512**	5,259
Others	**8,611**	3,112
	33,750	33,272

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

35. PROVISIONS

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Non-current		
Decommissioning liabilities	**13,446**	32,825
Current		
Decommissioning liabilities	**48,295**	38,805

The movement of the provisions is as follows:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
At the beginning of the year	**71,630**	56,668
Provisions for decommissioning liabilities	**111,113**	108,400
Incurred and charged against the provision	**(121,002)**	(93,438)
At the end of the year	**61,741**	71,630

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

36. CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Loss before income tax	**(142,350)**	(106,560)
Adjustment for:		
Depreciation of property, plant, and equipment and right-of-use assets and amortisation of intangible asset	**282,483**	277,961
Losses on disposal of property, plant and equipment and right-of-use assets	**5,634**	1,652
Finance costs – net	**63,358**	61,376
Provision for impairment losses of financial assets and contract assets	**21,925**	3,101
Net exchange differences	**(4,684)**	(683)
Operating profit before changes in working capital	**226,366**	236,847
Changes in working capital:		
Decrease in restricted cash	**370**	–
(Increase)/decrease in inventories	**(16,201)**	9,323
Decrease in contract assets	**31,800**	17,812
Decrease in trade receivables	**40,702**	47,501
Decrease in financial assets at fair value through other comprehensive income	**3,131**	2,543
(Increase)/decrease in other operating assets	**(3,946)**	359
(Decrease)/increase in trade and bills payables	**(24,762)**	50,453
Increase/(decrease) in contract liabilities	**3,672**	(571)
(Decrease)/increase in other operating liabilities	**(249)**	1,325
Cash generated from operations	**260,883**	365,592

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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	
	2026	2025
	RMB'000	RMB'000
Net book amount	**101,415**	45,840
Losses on disposal of property, plant and equipment and right-of-use assets	**(5,634)**	(1,652)
Receivables for disposal of property, plant and equipment	**6,700**	(9,143)
Proceeds from disposals of property, plant and equipment and right-of-use assets	**102,481**	35,045

(b) Significant non-cash investing activities

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Settlement of trade payables using supplier finance arrangements	**2,330**	13,002

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

36. CASH FLOW INFORMATION *(Continued)*

(c) Net debt reconciliation

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Cash and bank balances	**146,480**	145,901
Borrowings and interest payables	**(1,071,197)**	(1,127,884)
Lease liabilities	**(154,639)**	(141,676)
Net debt	**(1,079,356)**	(1,123,659)

	Cash and bank balances	Borrowings and interest payables	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
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)
Cash flows	(1,037)	113,453	100,705	213,121
Acquisitions	–	–	(105,384)	(105,384)
Settlement of trade payables using supplier finance arrangements	–	(2,330)	–	(2,330)
Interest accrued	–	(54,073)	(8,284)	(62,357)
Foreign exchange adjustments	1,616	(363)	–	1,253
Net debt as at 31 March 2026	146,480	(1,071,197)	(154,639)	(1,079,356)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

37. COMMITMENTS

(i) Capital commitments

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

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	**61,666**	8,557

(ii) Lease commitments

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

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
No later than 1 year	**3,757**	5,148

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

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	
	2026	2025
	RMB'000	RMB'000
Controlled by Yongmao	**17,099**	20,518

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

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Controlled by Yongmao	**6,545**	1,738

(iii) Rental expenses for short-term leases

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Controlled by Yongmao	**624**	2,344
Under common control by THH	**40**	25
	664	2,369

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

38. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

(iv) Professional fee to related parties

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Under common control by THH	**–**	62

(c) Balances with related parties

(i) Receivables from related parties

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Trade		
Accounts receivable		
– Controlled by Yongmao	**2,400**	292
Other receivables		
– Controlled by Yongmao (Note 26)	**3,648**	3,598
– Under common control by THH (Note 26)	**–**	164
	3,648	3,762

(ii) Prepayments to related parties

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Trade		
– Controlled by Yongmao (Note 26)	**487**	3,264
– Under common control by THH (Note 26)	**284**	–
	771	3,264

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

38. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties *(Continued)*

(iii) Payables to related parties

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Trade		
Accounts payable		
– Controlled by Yongmao	**25,335**	28,561
– Under common control by THH	**420**	86
	25,755	28,647
Bills payable		
– Controlled by Yongmao	**1,113**	–

(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	
	2026	2025
	RMB'000	RMB'000
Salaries, bonus and other welfare	**10,009**	11,862

No emoluments have been paid to directors and senior management as an inducement to join or upon joining the Group for the years ended 31 March 2026 and 2025.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2026

39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 March 2026 RMB'000	2025 RMB'000
ASSETS			
Non-current assets			
Prepayments and other receivables		**–**	2,802
Investment in subsidiaries	18	**922,026**	912,086
		922,026	914,888
Current asset			
Prepayments and other receivables		**194,881**	373,227
Cash and cash equivalents		**77,071**	83,021
		271,952	456,248
Total assets		**1,193,978**	1,371,136
LIABILITIES			
Non-current liabilities			
Borrowings		**30,860**	200,692
		30,860	200,692
Current liabilities			
Other payables and accruals		**13,332**	5,488
Borrowings		**161,295**	153,011
		174,627	158,499
Total liabilities		**205,487**	359,191
EQUITY			
Share capital		**593,026**	593,026
Share premium and other reserves (Note)		**585,930**	585,930
Accumulated losses (Note)		**(190,465)**	(167,011)
Total equity		**988,491**	1,011,945
Total equity and liabilities		**1,193,978**	1,371,136

Approved by the Board of Directors on 12 June 2026 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 2026

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 2024	585,930	(123,493)	462,437
Loss for the year	–	(43,518)	(43,518)
At 31 March 2025	585,930	(167,011)	418,919
At 1 April 2025	**585,930**	**(167,011)**	**418,919**
Loss for the year	**–**	**(23,454)**	**(23,454)**
At 31 March 2026	**585,930**	**(190,465)**	**395,465**

40. SUBSEQUENT EVENT

Save as disclosed in note 32(iv) to these consolidated financial statements, the Company 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 9 April 2026, the Company has launched the ninth 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 4.4% per annum and matures approximately three (3) months from the date of issuance (the "**3-month SGD Series 009 Issuance**"). On 23 April 2026, the Company raised SGD31.25 million (equivalent to RMB167.47 million) through the SDAX Platform. Out of which SGD6.65 million (equivalent to RMB35.63 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder and SGD0.4 million (equivalent to RMB2.14 million) was subscribed by Mr. Yau Kok San, the executive director.

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, is set out below:

RESULTS

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**581,722**	634,561	682,292	770,752	867,020
Gross profit	**55,984**	71,101	80,760	173,231	234,139
(Losses)/profit before income tax	**(142,350)**	(106,560)	(105,407)	(37,133)	45,870
Income tax credit/(expenses)	**22,506**	(13,917)	9,769	1,320	1,765
(Losses)/profit for the year	**(119,844)**	(120,477)	(95,638)	(35,813)	47,635

ASSET AND LIABILITIES

	As at 31 March				
	2026	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**1,761,012**	1,875,698	1,779,763	1,900,598	1,726,040
Current assets	**1,125,024**	1,231,545	1,298,198	1,252,447	1,192,594
Total assets	**2,886,036**	3,107,243	3,077,961	3,153,045	2,918,634
Equity and liabilities					
Total equity	**1,182,044**	1,302,445	1,421,425	1,517,619	1,569,833
Non-current liabilities	**658,918**	701,275	753,422	766,515	608,098
Current liabilities	**1,045,074**	1,103,523	903,114	868,911	740,703
Total liabilities	**1,703,992**	1,804,798	1,656,536	1,635,426	1,348,801
Total equity and liabilities	**2,886,036**	3,107,243	3,077,961	3,153,045	2,918,634