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

2024

ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Oh Sim Yee

AUTHORISED REPRESENTATIVES

Mr. Yau Kok San
Ms. Oh Sim Yee

LEGAL ADVISER

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

AUDITOR

RSM Hong Kong
Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
29th Floor, Lee Gardens Two
28 Yun Ping Road
Causeway Bay, Hong Kong
(Appointed on 28 September 2023)

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
(Retired on 28 September 2023)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F., Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

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 2024.

FINANCIAL PERFORMANCE

Over the past year, the post COVID-19 recovery of construction industry was sluggish due to the downturn of the property market in the PRC, as a result of the weakened spending power and confidence of consumers, and the continued geopolitical tension across the globe. While the investment in infrastructure had grown relatively steady with more major projects commenced during the year, the Group faced various challenges during the initial stage of commencements of new projects including but not limited to delay of project schedule, downward adjustment of budget and pressure on unit price equipment utilisation rate. The Group's revenue decreased by approximately 11.5% from RMB770.8 million for the year ended 31 March 2023 to RMB682.3 million for the year ended 31 March 2024, primarily due to our total tonne metre (TM) in use decreased from 3,192,710 for the year ended 31 March 2023 to 3,178,404 for the year ended 31 March 2024, and the average monthly service price of tower cranes per tonne metre (TM) in use decreased from RMB241 to RMB215.

The Group's gross profit decreased from approximately RMB173.2 million for the year ended 31 March 2023 to approximately RMB80.8 million for the year ended 31 March 2024, representing a decrease of approximately 53.4%, which was caused by the decelerated economic growth and sluggish conditions in the construction sector. Correspondingly, the net loss for the year increased from approximately RMB35.8 million for the year ended 31 March 2023 to the net loss of approximately RMB95.6 million for the year ended 31 March 2024, representing an increase of approximately 167.0%.

Despite these challenges, the Group remains optimistic about the future of the business and remains confident in its ability to navigate these uncertain times and emerge stronger than ever. During the year, we had established the "Clean Energy Division" focusing on the development of clean energy business which is promoted by international trend and supported by policies of the PRC's government. We have also started to expand our business portfolio to thermal power projects and nuclear power projects. Geographically, we had expedited our expansion in foreign markets by expanding our geographical frontier to the Greater Bay Area to cover Hong Kong and Macau, and setting up a joint venture in Indonesia, so as to minimise the short-term adverse impact to the Group caused by the downturn of the property and construction market in the PRC.

Chairman's Statement

PROSPECTS

At present, the global economic environment is still full of uncertainties due to the geopolitical tension across the globe. Although the social and economic activities in the PRC have been progressively returning to normal after the relief of restrictive pandemic measures in 2023, the construction industry in the PRC is still being hindered by the slow post-pandemic economic recovery. Despite these challenges, the Group is actively looking for business opportunities to achieve sustainable growth, strengthen cost control and develop our businesses in the years ahead. The Company will continue to monitor the market conditions and take appropriate measures to capture business opportunities.

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, 28 June 2024

Management Discussion and Analysis

BUSINESS REVIEW

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

During the financial year, the post COVID-19 recovery of the construction industry was sluggish due to the downturn of the property market in the PRC. As a result, both the supply of new domestic construction projects and average monthly service price of tower cranes per tonne meter (TM) decreased in the financial year. In order to maintain its domestic market position, the Group had expanded its geographical frontier to the Greater Bay Area to cover Hong Kong and Macau. As of March 2024, we have deployed 10 and 19 tower cranes, respectively, in Hong Kong and Macau. We have also expanded our business portfolio to the construction projects related to clean energy, thermal power and nuclear power. We expect such expansion in geographical locations and business segments will enhance the Group's financial performance in the coming year.

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 2024, we possess 158 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.

As at 31 March 2024, we are managing a total of 1,174 tower cranes, so as to cater for our customers' specialised range of EPC projects throughout the PRC. As at 31 March 2024, We had 259 projects in progress with a total outstanding contract value of approximately RMB417.7 million and 168 projects on hand of total expected contract value at approximately RMB690.3 million.

OPERATING RESULTS

The Group recorded a net loss of approximately RMB95.6 million for the year ended 31 March 2024 representing an increase of approximately 167.0% as compared with the net loss of approximately RMB35.8 million for the year ended 31 March 2023. This increase in loss was primarily due to the slower economic growth and the sluggish recovery of the construction sector post-COVID. Consequently, our (i) total TM in use decreased from 3,192,710 for the year ended 31 March 2023 to 3,178,404 for the year ended 31 March 2024; and (ii) our average monthly service price for tower cranes per TM in use decreased from RMB241 to RMB215.

FUTURE DEVELOPMENT

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

With our core corporate values "Virtue (厚德), Safety (安全) and Excellence (卓越)", we will continue to concentrate on the research and development of new tower crane technologies to equip ourselves with the most robust technical capabilities to deliver excellent services to our clients. During the year, we had implemented the digitalized management platforms namely "TOP" and "iSmartCon". In the coming year, we will continue our efforts to optimize our operation and digitalize our management platforms, so as to achieve resources sharing, cost reduction and efficiency enhancement. With all the above measures, we believe we can fulfil the Group's goal to become "the best construction equipment service provider" in the industry.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 11.5% from RMB770.8 million for the year ended 31 March 2023 to RMB682.3 million for the year ended 31 March 2024, primarily due to our total tonne metre (TM) in use decreased from 3,192,710 for the year ended 31 March 2023 to 3,178,404 for the year ended 31 March 2024, and the average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB241 to RMB215.

Cost of Sales

Our cost of sales slightly increased by approximately 0.7% from RMB597.5 million for the year ended 31 March 2023 to RMB601.5 million for the year ended 31 March 2024. The increase in cost of sales was primarily due to rising rental costs, which was partially mitigated by the decrease in labor subcontracting and staff costs.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 53.4% from RMB173.2 million for the year ended 31 March 2023 to RMB80.8 million for the year ended 31 March 2024. Our overall gross profit margin decreased from approximately 22.5% for the year ended 31 March 2023 to approximately 11.8% for the year ended 31 March 2024.

Other income

Our other income for the year ended 31 March 2024 amounted to approximately RMB2.8 million, representing a decrease of approximately RMB4.3 million or 60.8% as compared to that of approximately RMB7.1 million for the year ended 31 March 2023. The other income mainly comprised of value-add tax refund and government grants. The decrease was primarily attributed to lower value-added tax refunds and government grants.

Research and development expenses

Our research and development expenses decreased from approximately RMB29.7 million for the year ended 31 March 2023 to approximately RMB19.4 million for the year ended 31 March 2024. This was mainly due to the decrease in development works on patents.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 3.9% from approximately RMB14.5 million for the year ended 31 March 2023 to approximately RMB15.0 million for the year ended 31 March 2024. Such increase was mainly due to increase in travel expenses.

General and administrative expenses

Our general and administrative expenses decreased by approximately RMB9.0 million or 9.9% from approximately RMB91.0 million for the year ended 31 March 2023 to RMB82.0 million for the year ended 31 March 2024. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such decrease was primarily attributable to decrease in employee benefit expenses.

Finance costs

Our finance costs decreased by approximately RMB17.0 million or 20.9% from approximately RMB81.5 million for the year ended 31 March 2023 to RMB64.5 million for the year ended 31 March 2024. The decrease was mainly due to the decrease in recognition of net exchange losses which arose from foreign currency borrowings.

Income Tax Credit

Our income tax credit for the year ended 31 March 2024 amounted to approximately RMB9.8 million, representing an increase of approximately RMB8.5 million or 640.1% as compared to that of approximately RMB1.3 million for the year ended 31 March 2023. This was primarily due to the increase of loss for the year ended 31 March 2024.

Management Discussion and Analysis

Loss for the year

As a result of the foregoing reason, the Group recorded a loss of RMB95.6 million for the year ended 31 March 2024 as compared to a loss of RMB35.8 million for the year ended 31 March 2023, representing an increase of approximately RMB59.8 million or approximately 167.0%.

Working capital structure

The Group's net current assets amounted to RMB395.1 million as at 31 March 2024, representing an increase of RMB11.5 million from 31 March 2023, which was mainly due to the increase in the 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 2024, the cash and cash equivalents plus restricted cash were RMB139.3 million, representing a decrease of RMB19.7 million when compared with those for the year ended 31 March 2023.

The Group's current ratio, which represents the total sum of current assets, divided by the total sum of current liabilities, was 1.44 times as at 31 March 2024, which was equal to that of 31 March 2023.

The gearing ratio of the Group, which represents the total sum of borrowings, loans from a related party and lease liabilities, divided by total equity, was 83.0% as at 31 March 2024 compared to that of 70.3% as at 31 March 2023. The increase in gearing ratio was mainly attributable to the increase in borrowings.

Pledge of assets

As at 31 March 2024, the Group pledged machineries with carrying amount of approximately RMB966.7 million (2023: RMB962.3 million) for the bank borrowings and other borrowings of the Group.

As at 31 March 2024, the Group pledged accounts receivable with carrying amount of approximately RMB233.1 million (2023: RMB180.0 million) for the bank borrowing of the Group.

As at 31 March 2024, the land-use rights with carrying value of approximately RMB11.9 million (2023: RMB12.4 million) were secured for the bank borrowings of the Group.

As at 31 March 2024, the buildings with carrying value of approximately RMB5.0 million (2023: RMB5.0 million) were secured for the bank borrowings of the Group.

Lease Liabilities

The lease liabilities decreased by 1.4% from approximately RMB85.7 million as at 31 March 2023 to approximately RMB84.4 million as at 31 March 2024. This was mainly due to the payments for lease liabilities during the year ended 31 March 2024.

As at 31 March 2024, the lease liabilities of RMB18.9 million were secured by the pledge of machinery with carrying value of RMB16.4 million (2023: nil).

CAPITAL COMMITMENT

As at 31 March 2024, the contracted but not provided property, plant and equipment was RMB3.1 million, representing a decrease of RMB16.0 million from that as at 31 March 2023.

Management Discussion and Analysis

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange loss for the year ended 31 March 2024 amounted to approximately RMB2.1 million, representing a decrease of approximately RMB35.1 million as compared to that of approximately RMB37.2 million for the year ended 31 March 2023. The Group mainly operates in the PRC with RMB as the functional currency, and the most of foreign currency loans have been converted into the RMB loans. The Board is of the view that the Group's foreign exchange rate risks are not the main risks in the subsequences period. Thus, the Group did not enter into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2024.

USE OF PROCEEDS FROM THE LISTING

On 13 January 2021, the shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The shares were issued to the public at HKD1.73 per share, and the Group received net proceeds (the "**Net Proceeds**") of approximately HKD485.5 million from the global offering of its Shares (the "**Global Offering**") after deducting the underwriting fees and commissions and other expenses incurred by the Group in connection with the Global Offering. As of 31 March 2024, the amount of net proceeds have been fully utilised. Set out below are details of the planned allocation of the net proceeds, the utilised and unutilised amount of the net proceeds as of 31 March 2024:

Usage		Planned allocation of the net proceeds	Unutilised net proceeds as at 1 April 2024	Utilised net proceeds during the year ended 31 March 2024	Utilised net proceeds up to 31 March 2024	Unutilised net proceeds as at 31 March 2024	Expected timeline of full utilization of the balance
	%	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	
Purchase tower cranes	63.0%	305,865	60,493	60,493	305,865	–	Fully utilised
Purchase equipment and to conduct foundation work for our Yangzhou Refurbishment Centre (as defined in the prospectus of the Company dated 30 December 2020)	5.3%	25,732	–	–	25,732	–	Fully utilised
Hire additional personnel equipped with special skills to improve our service capacity and competitiveness	3.2%	15,536	–	–	15,536	–	Fully utilised
Repay part of our bank borrowings	18.5%	89,817	–	–	89,817	–	Fully utilised
Working capital and other general corporate purposes	10.0%	48,550	–	–	48,550	–	Fully utilised
	100%	485,500	60,493	60,493	485,500	–	

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2024 (2023: nil).

Management Discussion and Analysis

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

During the year ended 31 March 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2024, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2024, the Group did not have any significant investment or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed around 732 employees who include the Directors of the Company and those of subsidiaries (2023: 1353 employees). The total employee benefit expense for the year ended 31 March 2024 was RMB88.5 million, a decrease of 18.6% when compared with that for the year ended 31 March 2023. Such decrease was mainly attributable to decrease in number of staff headcount.

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

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

EVENTS AFTER THE REPORTING PERIOD

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

On 3 April 2024, the Company has launched the first issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.6% per annum and matures approximately three (3) months from the date of issuance (the "**3-month SGD Series 001 Issuance**"). For further details, please refer to the announcement of the Company dated 3 April 2024.

Save as disclosed in this annual report, there were no other significant events that might affect the Group since 31 March 2024 and up to the date of this annual report.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YAU Kok San (邱國燊) ("**Mr. Yau**"), aged 61, was appointed as an Executive Director and Chief Executive Officer of the Company on 28 November 2019. He is primarily responsible for devising the overall business development strategies and overseeing the day-to-day management and operations of the Group.

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

Mr. Yau has more than 16 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 22 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 60, 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 25 years in corporate management and operations. Since 1997, he worked at Goyoyo Information Ltd. (悠游訊息有限公司) and left his position as the chief executive officer. He was responsible for devising business development plans, and raising fund for the operation of the company. In June 2003, he joined QilinSoft (China) Ltd. (麒麟遠創(中國)有限公司), responsible for a number of managerial duties including team building and business operation, and left in June 2008 as vice president and general manager of Beijing R&D centre. From June 2009 to November 2019, he served at Tat Hong China, one of the controlling shareholders of the Group, as assistant general manager (seconded to Shanghai Tat Hong). Since July 2021, Mr. Lin has been appointed a non-executive director of Horngshiue Holding Co., Ltd., a company listed on the Main Board of the Taiwan Stock Exchange (stock code: 2243).

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

Non-executive Directors

Mr. NG San Tiong (黃山忠) ("Mr. Ng"), aged 71, 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 46 years of experience in the engineering and tower crane solution service industry in Singapore. In 1976, he joined JTC Corporation (formerly known as Jurong Town Corporation) ("**JTC**"), a Singapore Government agency responsible for the development of industrial infrastructure, as a civil engineer. After leaving his employment in JTC in 1978, Mr. Ng jointly founded Tat Hong Holdings Ltd, one of the controlling shareholders of the Group, in January 1979 and has been the managing director and group chief executive officer of the company since October 1991.

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

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

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

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

Biographical Details of Directors and Senior Management

Mr. SUN Zhaolin (孫兆林) ("Mr. Sun"), aged 68, was appointed as a Non-executive Director of the Company on 28 November 2019. He is responsible for providing strategic advice to the Group, developing and implementing business strategy. He joined our Group since April 2006. Mr. Sun is also a director of six subsidiaries of the Group, namely Tat Hong Zhaomao, Huaxing Tat Hong, Shanghai Tat Hong, Zhongjian Tat Hong, Jiangsu Hengxingmao and Changzhou Tat Hong.

Mr. Sun has more than 26 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 38, 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 15 years of experience in the tower crane industry in the PRC, including experiences in the development and manufacture of tower cranes, and marketing, logistics and management of tower crane business. In July 2008, Mr. Liu commenced his employment with Zoomlion Heavy Industry Science and Technology Co., Ltd.* (中聯重科股份有限公司) ("**Zoomlion**") (Hong Kong Stock Exchange, Stock Code: 1157; Shenzhen Stock Exchange, Stock Code: 000157), a company established in the PRC which mainly engages in the research, development, manufacturing and sale of construction machinery and agricultural machinery. He first started as a welding technician of Zoomlion and was subsequently promoted to different positions at the Assembly Department, the Production Department, the Marketing Department, the Logistics Department and the Management Department. In October 2018, he joined Zoomlion Construction and Crane Machinery Co., Limited* (中聯重科建築起重機械有限責任公司), a subsidiary of Zoomlion, and is currently the assistant to general manager of the company, mainly responsible for strategic planning, production and sales planning, logistics management and digital operations of the company. During his career in the tower crane industry in the PRC, Mr. Liu participated in the development and manufacture of various tower crane models, and he was also responsible for the development and operation of a digital machinery management platform which mainly served to provide information about the conditions, working status, and repair and maintenance of machinery and equipment.

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

Biographical Details of Directors and Senior Management

Mr. Guo Jinjun (郭金君) ("Mr. Guo"), aged 52, was appointed as a Non-executive Director of the Company on 30 March 2022. He is responsible for providing strategic advice in contract management and bidding management.

Mr. Guo has more than 30 years of experience in the nuclear engineering industry. Since 1993, Mr. Guo has worked at China Nuclear Industry Huaxing Construction Company Ltd* (中國核工業華興建設有限公司) ("**China Nuclear Industry**"), being one of the shareholders of the Company, which is a subsidiary of China Nuclear Engineering and Construction Corporation Limited* (中國核工業建設股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601611) that is principally engaged in construction, nuclear and system engineering projects. He was first appointed as a Statistician in the Production Section and was promoted to the positions of Budget Officer and Deputy Manager of the Commerce Department for Qinshan Phase III Project of China Nuclear Industry. From September 2006 to June 2014, he served as the Functional Deputy Manager, Custom Center Manager and Deputy Chief Economist of the Nuclear Power Division. In June 2014, Mr. Guo served as a Deputy Manager at the Nuclear Power Department at China Nuclear Industry and was later promoted as the Deputy Manager of both the Bidding Department and the Nuclear Power Engineering Department in 2016. He is currently the General Manager of the Bidding Management Department and the Deputy Manager of the Nuclear Power Engineering Department at China Nuclear Industry, where he is mainly responsible for central procurement of subcontract material services as well as bidding of industry and finance projects of the company.

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

Independent Non-executive Directors

Ms. PAN I-Shan (潘宜珊) ("Ms. Pan"), aged 47, was appointed as an Independent Non-executive Director of the Company on 15 December 2020. She also serves as the Chairlady of the Audit Committee and a member of the Remuneration Committee of the Company. She is responsible for providing independent advice to the Board and advising on corporate accounting and financial matters.

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

Ms. Pan has more than 24 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).

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 57, 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 27 years of experience in the venture capital and private equity investment industry. From March 1996 to December 2004, he worked at Vertex Management (II) Pte. Ltd., a Singapore-headquartered venture capital company as an investment manager and served his last position as vice president. During his time with the company, he worked in offices in Singapore and the United States, primarily responsible for sourcing, evaluating and negotiating investment opportunities, analysing, monitoring and exiting from various portfolio companies, advising portfolio companies on development of business strategies, etc. He also helped to establish the company's activities in Israel. From January 2005 to May 2008, he worked at EEMS Asia Pte. Ltd. as vice president of finance and administration. He participated in strategic deliberations of the company and was responsible for all strategic decisions for the financial operation in Singapore and the overall operation of the company. Mr. Wan rejoined EEMS Asia Pte. Ltd. as Vice President of Strategic Planning and Administration from March 2009 to June 2010, during which he was in charge of rescheduling debt of the Asian operation, cost controlling, fund raising and negotiating management incentive structure with private equity investors in leading the effort for management buy-out attempts. From July 2010 to March 2014, Mr. Wan was a management committee member and an executive director (investment) of UOB Venture Management Pte. Ltd., responsible for scrutinising all investment recommendations. Mr. Wan joined Heliconia Capital Management Pte. Ltd. in April 2014 and left in December 2019 from his last position as Managing Director of Value Creation. From January 2020 to September 2021, he was an independent non-executive director of D'nonce Technology Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad (stock code: DNONCE) which principally engages in supply chain management and plastic products manufacture.

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

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

Dr. HUANG Chao-Jen (黃兆仁) ("Dr. Huang"), aged 61, was appointed as an Independent Non-executive Director of the Company on 15 December 2020. He also serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is responsible for providing independent advice to the Board and advising on business and investment matters.

Dr. Huang has more than 32 years of experience in international political economy, international business and relations, and foreign direct investment. From January 1991 to July 1992, Dr. Huang served as a senior staff at the Ministry of Foreign Affairs of Taiwan, where he was responsible for Taiwan-United States diplomatic and business exchanges, and economic and trade negotiations and affairs. From July 1998 to January 2005, Dr. Huang worked as an associate research fellow at the Taiwan Institute of Economic Research, in charge of Taiwan free trade agreement study, national southbound policy and establishing regular economic forums between Taiwan and other nations. In February 2005, he became deputy director of the institute, primarily responsible for Taiwan free trade agreement study, national southbound policy, cross-strait economic cooperation and Taiwan-Central America comprehensive economic cooperation. Dr. Huang was later in January 2008 promoted to director general of the institute and continued to promote economic affairs and cooperation for public and private sectors until he left his position in December 2011 and served as a research fellow from January 2012 to February 2012, focusing on study

Biographical Details of Directors and Senior Management

of new economic issues relating to regional and global concerns. Since July 2013, Dr. Huang has been the director general and distinguished research fellow of Commerce Development Research Institute in Taiwan, providing policy and strategic advices and reports to government authorities covering economic and commercial issues.

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

SENIOR MANAGEMENT

Ms. WANG Dandan (王丹丹) ("Ms. Wang"), aged 44, is the chief financial officer and senior deputy general manager of the Group, and the financial controller of the Company. She is primarily responsible for supervising the Group's finance activities, budgeting and forecasting, and all financial, treasury and taxation matters as well as financial planning, internal control and financial reporting of the Group. Ms. Wang joined the Group in June 2009 and is currently the financial controller of the Group. She is also a director of Huaxing Tat Hong and Guangdong Tat Hong, an operating subsidiary of the Group, and a supervisor of Ronghe Tat Hong and Chongqing Tat Hong, an indirect wholly-owned subsidiary of the Company.

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

Ms. Wang has more than 18 years of experience in the fields of audit, accounting and finance. Prior to joining the Group, she worked at Audit Alliance, a firm of certified public accountants in Singapore, from November 2005 to June 2009, where she initially served as an audit assistant and served in her last position as assistant manager in the Audit and Business Advisory Services Division. From June 2009 to December 2019, she served at Tat Hong China, one of the controlling shareholders of the Group, as finance manager (seconded to Shanghai Tat Hong). In June 2009, Ms. Wang joined the Group, primarily responsible for developing and maintaining policies and procedures related to the accounting function, including appropriate internal controls, as well as recruiting and training accounting staff in the department.

Ms. Wang obtained a Bachelor's Degree of Science (Honours) in Applied Accounting from the Oxford Brookes University in the United Kingdom in September 2012. Ms. Wang also obtained a Master's Degree in Professional Accountancy from The Chinese University of Hong Kong in October 2023.

Mr. ZHU Hui (朱輝) ("Mr. Zhu"), aged 58, 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 36 years of experience in the construction industry. From December 1986 to January 2001, he joined the China Nuclear Industry, one of the Company's shareholders, as a construction staff, and has subsequently served as a worker, deputy head and head of department in the Material Division. He then joined China Nuclear Industry Huaxing Construction Co., Ltd.* (中國核工業華興建設公司) as a manager of Equipment Leasing Branch Company between March 2001 to June 2004. In June 2004, Mr. Zhu joined Jiangsu China Nuclear Huaxing Machinery Construction Co., Ltd* (江蘇中核華興建築機械施工有限公司), which was later renamed as Huaxing Tat Hong, as the assistant to general manager and also the manager of the Shanghai branch office. In September 2007, he was promoted to deputy general manager and was further promoted to general manager in April 2015.

Biographical Details of Directors and Senior Management

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

Mr. SHEN Shiping (沈世平) ("Mr. Shen"), aged 65, is the chief engineer of the Group. He resigned as the general manager of Changzhou Tat Hong since 31 March 2023. He joined the Group in January 2010 and he is primarily responsible for overseeing different phases of the Group's tower crane service projects, including but not limited to installation, equipment maintenance or project development. Mr. Shen is also a director of three subsidiaries of the Group, namely Changzhou Tat Hong, Chongqing Tat Hong and Ronghe Tat Hong. He has been appointed as the chief safety officer of the Group since 1 May 2023, and is responsible for the Group's safety management, supervising related emergency response, safety incidents, improving safety construction and other safety matters.

Mr. Shen has over 24 years of experience in technical supervision, product development and project management in the construction industry and property development sector in the PRC. In December 1998, he ventured into the property development sector in the PRC and joined Guangzhou Xihua Industrial Development Company Limited* (廣州市錫華實業發展有限公司) as deputy general manager, responsible for the overall development, construction and designs of commercial and residential properties. From January 2009 to January 2010, he served the Guangzhou Saiwate Power Technology Co. Ltd.* (廣州市賽瓦特動力科技有限公司) as deputy general manager, responsible for supervising and overseeing the day-today business operation of the company.

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

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

Mr. SHI Jun (仕軍) ("Mr. Shi"), aged 51, is the head of research and development of the Group and the general manager of Ronghe Tat Hong, one of the operating subsidiaries of the Group. He joined the Group in June 2007 and was appointed as the general manager of Ronghe Tat Hong in August 2019. Mr. Shi is primarily responsible for overseeing the research and development of the Group and the daily business operation and management of Ronghe Tat Hong.

Mr. Shi has over 28 years of experience in the construction engineering and machinery industry. In July 1994, he joined China Nuclear Industry, one of the shareholders of the Group, as a machinery repair technician and later became a nuclear power station project technician in September 1997. In July 2000, he worked in China Nuclear Industry Group Huaxing Construction Company* (中國核工業集團華興建設公司) as a manager of the technical safety department. In June 2004, Mr. Shi joined Jiangsu China Nuclear Huaxing Machinery Construction Co., Ltd* (江蘇中核華興建築機械施工有限公司), which was later renamed as Huaxing Tat Hong, as a manager. In June 2007, he was promoted and worked as the vice general manager of Huaxing Tat Hong until he became the general manager of Ronghe Tat Hong in August 2019.

Biographical Details of Directors and Senior Management

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

Mr. JIANG Tao (姜弢) ("Mr. Jiang"), aged 42, 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 17 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 44, 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 20 years of experience in the tower crane solution service industry. In July 2003, he worked in Beijing Zhongjian Zhenghe Machinery Construction Co., Ltd.* (北京中建正和建築機械施工有限公司) as a program manager of the project management department. He joined the Group in July 2007 and was appointed as the Shanghai branch manager of Jiangsu Zhenghe Tat Hong Machinery Rental Co., Ltd* (江蘇正和達豐機械租賃有限公司), which was later renamed as Zhongjian Tat Hong, until he became the vice general manager in December 2010.

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

Mr. YU Chunlei (于春雷) ("Mr. Yu"), aged 42, is the general manager of Guangdong Tat Hong since 1 July 2023, one of the operating subsidiaries of the Group. Mr. Liu is primarily responsible for corporate management and supervision of daily business operations of Guangdong Tat Hong. He is also the executive deputy general manager of Huaxing Tat Hong and is responsible for the overall planning, systems improvement, and day-to-day operation and management of Huaxing Tat Hong.

Mr. Yu has more than 18 years of experience in the tower crane solution service industry. Mr. Yu joined Jiangsu China Nuclear Huaxing as a technician and was promoted as the assistant to manager in July 2005. From 2007 to 2022, Mr. Yu held different positions in Huaxing Tat Hong including deputy manager of Kunshan subsidiary of Huaxing Tat Hong, including safety supervisor of engineering management center, deputy manager of Shanghai subsidiary of Huaxing Tat Hong, manager of Zhejiang subsidiary of Huaxing Tat Hong, chief operating officer of East China Region, assistant to general manager and deputy general manager, until he became the executive deputy general manager in December 2022.

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

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

Corporate Government Report

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

CORPORATE GOVERNANCE CULTURE AND STRATEGIES

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

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

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

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

– that maximum benefits for the Shareholders is created;

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

During the year ended 31 March 2024 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 2024 and up to the date of this annual report.

COMPETING INTEREST

For the year ended 31 March 2024, 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 the retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "**Articles of Association**").

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

Mechanisms for Independent View and Input

In order to ensure that independent views and input of the Independent Non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assessing the 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.

Corporate Government Report

The attendance record of professional training received by the Directors during the year ended 31 March 2024 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
Mr. Sun Zhaolin	A/B
Mr. Guo Jinjun	A/B
Mr. Liu Xin	A/B
Ms. Pan I-Shan	A/B
Mr. Wan Kum Tho	A/B
Dr. Huang Chao-Jen	A/B

Notes:

A: Participating the web training from Hong Kong Exchanges and Clearing Market Website.

B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances.

C: Participating in seminars from external professional organizations.

Board Diversity Policy

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

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

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 2024, out of the Company's 732 employees, approximately 81% were men and 19% were women, which is in line with the characteristics of the industry. The Company considers the current gender diversity to be satisfactory and in order to maintain gender diversity at the employee level, the Company welcomes people of any gender to join, and promises to provide equal opportunities to employees of all genders in terms of recruitment, training and development, opportunities for advancement, remuneration and benefits. The Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of the Board.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and propose matters to be discussed in the meeting agenda. The Board held a meeting on 29 November 2023 and, amongst other matters, considered and approved the unaudited interim results for the six months ended 30 September 2023.

During the year ended 31 March 2024, five Board meetings were held. The attendance record of each Director is set out in the table below:

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

Corporate Government Report

General Meetings

Two general meetings were held during the year ended 31 March 2024. The attendance record of each Director is set out in the table below:

Name of Directors	Attendance/ Number of General Meetings held during a Director's tenure
Executive Directors	
Mr. Yau Kok San *(Chief Executive Officer)*	2/2
Mr. Lin Han-wei	2/2
Non-executive Directors	
Mr. Ng San Tiong *(Chairman)*	1/2
Mr. Sun Zhaolin	0/2
Mr. Guo Jinjun	0/2
Mr. Liu Xin	0/2
Independent Non-executive Directors	
Ms. Pan I-Shan	2/2
Mr. Wan Kum Tho	2/2
Dr. Huang Chao-Jen	2/2

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 2024, the Audit Committee mainly performed the following duties:

- reviewed our Group's the audited annual results for the year ended 31 March 2023 and the unaudited interim report for the six months ended 30 September 2023, 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 2024, 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 2024, 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 2023.

Corporate Government Report

During the year ended 31 March 2024, 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 2024** *Number of individuals*
HKD1,000,000 to HKD1,500,000	1
HKD1,500,000 to HKD2,000,000	2
HKD2,000,000 to HKD2,500,000	1
HKD2,500,000 to HKD3,000,000	1

Nomination Committee

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

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

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

Corporate Government Report

During the year ended 31 March 2024, 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 2023;

- reviewed the Board Diversity Policy; and

- reviewed the background of the retiring Directors and determined whether the retiring Directors continue to meet the criteria to be re-elected in the 2023 AGM of the Company to be held on 28 September 2023, and made commendations to the Board on the re-election of retiring Directors.

During the year ended 31 March 2024, one Nomination Committee meeting was held. The attendance record of each member of the Nomination Committee is set out in the table below:

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

Nomination Policy

The Board has reviewed its nomination policy on 28 June 2024 in accordance with the CG Code, which sets out the procedure for the election, appointment and re-appointment of Directors (the "**Nomination Policy**"). The Nomination Policy specifies certain selection criteria and the Board succession planning consideration.

Corporate Government Report

The Nomination Policy is produced as follows:

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

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

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

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

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

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

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

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

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

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

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

Director Nomination Procedure

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

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

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

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

(b) Selecting suitable candidates through consulting various source, such as recommendations from existing Directors, independent agency firm and the Shareholders.

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

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

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

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

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

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

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

Corporate Government Report

CORPORATE GOVERNANCE FUNCTIONS

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2024. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the Independent Auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 92 to 97 of this annual report.

DIVIDEND POLICY

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

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

– the actual and expected financial performance of the Group;

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

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

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

– any other factors that the Board deems appropriate.

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

Corporate Government Report

AUDITOR'S REMUNERATION

An analysis of the remuneration paid or payable to the external auditor of the Company, RSM Hong Kong, in respect of audit services provided to the Group for the year ended 31 March 2024 is set out below:

Services rendered	Service Category Fees Paid/Payable *RMB'000*
Audit service	2,050
Non-audit services	–

RISK MANAGEMENT

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

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

INTERNAL CONTROL

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

Corporate Government Report

Code of conduct

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

Anti-corruption measures

We have internal anti-corruption policies and procedures in place to ensure our compliance with the relevant anti-corruption laws and regulations as well as to prevent the occurrence of bribery, corruption or fraudulent practice by our Directors and employees. Our internal anti-corruption policies and procedures include but not limited to (i) requiring the employees to report any conflict of interest situation prior to submission of tender and any time they became aware of a conflict of interest after a tender has been submitted; (ii) strictly prohibiting collusion with other companies or employees of other companies for tenders; (iii) requiring employees to avoid conflict of interest by not putting himself in a position of obligations towards the supplier, customers or tender receiver; (iv) strictly prohibiting paying or receiving bribes, kickbacks, luxury goods or monies from suppliers and paying expenses or donations for customers or any individuals; (v) requiring business entertainments to comply with internal policies, obtain prior approvals and file written forms internally; (vi) strictly prohibiting solicitation or acceptance of advantage from suppliers and customers for house renovation, wedding and funerals, arranging work for spouses or children, provide convenience for travel abroad and travelling; and (vii) strictly prohibiting the introduction of family and friends to customers and suppliers to engage in business activities together. We have also established parameters that serve as guidance for our employees to identify and report misconduct, and require new employees to go through anti-bribery training as part of their induction training. Employees who have violated the terms of our internal anti-corruption policies and procedures will be subject to penalties which include warnings, demotions, salary reduction and termination of employment. Those suspected of committing crimes will be reported to the relevant government or judicial authorities for investigation. Furthermore, any business partners that have violated our internal anti-corruption policies and procedures will be subject to termination of business cooperation and we reserve the right to seek investigation and damages. Our Directors have confirmed that during the year ended 31 March 2024 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 2024 and up to the date of this annual report, as far as they are aware, our Group had not been subject to any anti-corruption claims or investigations by the relevant authorities.

Whistleblowing Policy

In compliance with code provision D.2.6 in Part 2 of the CG Code, the Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**") on 29 June 2022 which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures have been formulated to enable the Whistleblower to report to the Group directly (addressed to the Chairman of the Audit Committee of the Group) suspected improprieties.

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 2024, 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 2024 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 2024, 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 2024, Ms. Oh had undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

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

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

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

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

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

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

The Second Amended and Restated Memorandum and Articles of Association of the Company has been posted on the websites of the Company and the Stock Exchange. The Company did not make any changes to its constitutional documents during the year ended 31 March 2024.

Report of the Directors

The directors of the Company (the "**Directors**") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024.

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 2024 are set out in the consolidated statement of comprehensive income on page 98 of this annual report.

DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2024 (2023: nil).

ANNUAL GENERAL MEETING

The 2024 AGM of the Company is scheduled to be held on Thursday, 26 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 23 September 2024 to Thursday, 26 September 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 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 20 September 2024.

BUSINESS REVIEW

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five years ended 31 March 2024 are set out on page 172 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 2024 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 2024 are set out in the consolidated statement of changes in equity and Note 40 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 2024 are set out in Note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB462.4 (as at 31 March 2023: approximately RMB475.2 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2024 are set out in Note 33 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 2024 are set out in Note 4.17 to the consolidated financial statements.

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

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

TAX RELIEF AND EXEMPTION

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

Report of the Directors

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the "Share Option Scheme", no equity-linked agreements have been entered into by the Company during the year ended 31 March 2024 or subsisted at the end of the year.

DIRECTORS

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

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

DIRECTORS AND SENIOR MANAGEMENT

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

Information regarding Directors' emoluments is set out in Note 15 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence and considers that each of the Independent Non-Executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules for the year ended 31 March 2024.

DIRECTORS' SERVICE CONTRACTS

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

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

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 2024 are set out in Note 15 to the consolidated financial statements. Mr. Guo Jinjun has voluntarily waived his director fee of RMB96,000 for the year ended 31 March 2024.

SHARE OPTION SCHEME

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

1. Purpose of the Share Option Scheme

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

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

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

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

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

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

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

Report of the Directors

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

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

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

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

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

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

8. The basis of determining the exercise price

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

9. The remaining life of the Shares Option Scheme

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

As at 1 April 2023 and 31 March 2024, the number of option available for grant under the Share Option Scheme was 116,687,125. No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and up to the date of this annual report.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2024, 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 2024
2023 Yongmao Master Agreement	28 July 2023	(i) Purchase of tower cranes and related parts and components from Yongmao Group; and (ii) Rent of tower cranes and related parts and components from Yongmao Group	(i) Yongmao Group; and (ii) the Group	From 28 July 2023 to 31 March 2026	(i) For the year ended 31 March 2024 shall be RMB100 million; (ii) For the year ending 31 March 2025 shall be RMB100 million; and (iii) For the year ending 31 March 2026 shall be RMB100 million	RMB17.7 million

As at 31 March 2024, Tat Hong Holdings, one of our controlling Shareholders, owns approximately 24.0% of Yongmao whereas Sun & Tian Investment Pte. Ltd. ("**Sun & Tian**") owns approximately 57.4% of Yongmao. Sun & Tian is wholly owned by Mr. Sun Zhaolin ("**Mr. Sun**"), a Non-executive Director of the Company, and his family members. Mr. Sun is also the chairman and executive director of Yongmao.

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

Report of the Directors

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

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

(1) have been approved by the Board;

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

(3) have an aggregate amount not exceeding the relevant cap disclosed in the circular published on 13 October 2023.

The related party transactions mentioned in Note 39 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 2024 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 to the Listing Rules on the Stock Exchange were as follows:

Report of the Directors

(A) Long position in the Shares

Name of Directors	Capacity	Number and class of securities held/interested	Approximate percentage of shareholding in the Company
Mr. Ng San Tiong ("**Mr. Ng**") *(Note 1)*	Trustee	853,532,387 ordinary Shares	73.15%
Mr. Yau Kok San	Beneficial owner	4,957,135 ordinary Shares	0.42%
Mr. Lin Han-wei	Beneficial owner	6,344,137 ordinary Shares	0.54%

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

Name of Directors	Name of associated corporation	Capacity	Approximate percentage of interest
Mr. Ng *(Note 1)*	Chwee Cheng & Sons Pte. Ltd. ("**Chwee Cheng & Sons**")	Trustee	38.33%
		Beneficial owner	11.02%

Note:

1. Tat Hong Equipment (China) Pte. Ltd. ("**Tat Hong China**") directly held approximately 72.30% of the issued capital of the Company and held 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015 Pte. Ltd. ("**TH Straits 2015**"). Tat Hong China is owned approximately 88.40% by Tat Hong International Pte. Ltd. ("**Tat Hong International**") and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee, as joint trustees of the Chwee Cheng Trust (an irrevocable discretionary trust established by Mr. Ng's father, with Mr. Ng and his family members as beneficiaries and Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee as the joint trustees), owns approximately 39.50% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments Pte. Ltd. ("**TH60 Investments**"), which in turn owns approximately 70.79% of the shares of THSC Investments Pte. Ltd. ("**THSC Investments**"), which in turn owns 100% of the shares of Tat Hong Holdings Ltd. ("**Tat Hong Holdings**"), which in turn owns 100% of the shares of Tat Hong International. By virtue of the SFO, each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.

Save as disclosed above, as at 31 March 2024, 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 2024, the following Shareholders (other than the interests of the Directors and the chief executives of the Company) had interests in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be kept under Section 336 of the SFO:

Long position Shares, underlying Shares and debentures

Name	Capacity/ Nature of Interest	Number of Shares held/interested	Approximate percentage of shareholding in the Company
Tat Hong China *(Note 1)*	Beneficial owner and interest in controlled corporations	853,532,387	73.15%
Tat Hong International *(Note 1)*	Interest in controlled corporations	853,532,387	73.15%
Tat Hong Holdings *(Note 1)*	Interest in controlled corporations	853,532,387	73.15%
THSC Investments *(Note 1)*	Interest in controlled corporations	853,532,387	73.15%
TH60 Investments *(Note 1)*	Interest in controlled corporations	853,532,387	73.15%
Chwee Cheng & Sons *(Note 1)*	Interest in controlled corporations	853,532,387	73.15%
Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee *(Note 1)*	Trustee	853,532,387	73.15%
PHILLIP CAPITAL (HK) LIMITED *(Note 2)*	Beneficial owner	64,738,000	5.55%
LIM Hua Min *(Note 2)*	Interest in controlled corporations	64,738,000	5.55%

Notes:

1. Tat Hong China directly held approximately 72.30% of the issued capital of the Company and held 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015. Tat Hong China is owned as to approximately 88.40% by Tat Hong International and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee, as joint trustees of the Chwee Cheng Trust, owns approximately 39.50% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments, which in turn owns approximately 70.79% of the shares of THSC Investments, which in turn owns 100% of the shares of Tat Hong Holdings, which in turn owns 100% of the shares of Tat Hong International. By virtue of the SFO, each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.

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

Save as disclosed above, as at 31 March 2024, 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 2024, 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 2024.

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 2024, 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 2024, the Group's largest customer and five largest customers accounted for 15% (2023: 13%) and 48% (2023: 45%) of the Group's total revenues respectively. During the year ended 31 March 2024, the Group's largest supplier and five largest suppliers accounted for 15% (2023: 22%) and 41% (2023: 54%) of the Group's total purchases respectively.

During the year ended 31 March 2024, 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 2024.

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 2024 or at any time during the year ended 31 March 2024.

Report of the Directors

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

USE OF PROCEEDS

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

CHARITABLE DONATION

During the year ended 31 March 2024, the Group has made a charitable donation amounted to approximately RMB91,915 (31 March 2023: nil).

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 2024 and up to the date of this annual report. Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

Report of the Directors

NON-COMPETITION UNDERTAKING

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

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

The Company has received the annual written declaration signed by each of the Controlling Shareholders declaring, inter alia, that he/it had complied with the terms of the Deed of Non-competition during the year ended 31 March 2024 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 2024 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 2024. 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 2024 and up to the date of the Declaration.

Report of the Directors

DIRECTOR' INTEREST IN COMPETITIVE BUSINESS

During the year ended 31 March 2024 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 41 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 2024.

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 2024 have been audited by RSM Hong Kong, who will retire and, being eligible, offer themselves for re-appointment at the 2024 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 2024 AGM.

On behalf of the Board

Mr. Ng San Tiong
Chairman
Hong Kong/the PRC
28 June 2024

Environmental, Social and Governance Report

ABOUT THE REPORT

The Environmental, Social and Governance Report (the "**ESG Report**") is the fourth 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 2023 to 31 March 2024 (the "**Year**"). The coverage of the environmental key performance indicators is consistent with the ESG report for FY2023, and the social key performance indicators have included two subsidiaries, Guangdong Tat Hong Machinery Construction Co., Ltd. and Tat Hong Equipment (Hong Kong) Limited. compared with the ESG report for FY2023.

Reporting Guide

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**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 Guide. This report also adheres to the reporting principles of "materiality", "quantification", "balance", and "consistency". For part of addressing climate change, please refer to the Climate Information Disclosure Guidelines issued by the Stock Exchange.

Materiality: This report discloses issues that may have a significant impact on stakeholders and the Company in accordance with the results of the assessment of ESG material issues approved by the Board of Directors of the Company.

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: This report makes reliable comparisons with the previous year's data using the statistical and disclosure methods consistent with the previous year.

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

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

Environmental, Social and Governance Report

DIRECTORS' DECLARATION

Oversight and Governance of the Board

The Board of Directors of the Company is the highest decision-making and supervisory body of ESG. The Board approves the corporate governance report annually, reviews reports issued by third parties on the Group's internal control and risk management work, monitors the implementation of the Group's relevant risk management policies at the company level, and continuously monitors the effectiveness of the Group's internal control system, to ensure that the Group's ESG risk management and internal control systems are effective, reasonable and controllable. The Board has established a three-tier ESG governance architecture with defined management roles and responsibilities at each level, to promote the Group's ESG approach and implement the ESG strategy in a top-down manner. The top management of the Group regularly reports to the Board of Directors on its business operations and development plans on a quarterly basis, based on which the Board monitors and raises ESG-related issues that may affect the Company's business, employees, shareholders and other stakeholders. The Board of Directors has established an ESG Task Force and authorized the ESG Task Force to collect and evaluate ESG environmental and social performance indicators on a regular basis, supervise and report on the implementation and performance of key ESG issues, and make recommendations against possible major ESG risks.

Management Methods and Strategies of the Board of Directors

The Board integrates the sustainable development goal with the long-term business strategy planning, and integrates the ESG governance goal into the daily management system. To evaluate the materiality of the Group's ESG issues and understand the expectations of various stakeholders for the Group's ESG work, it actively communicates with stakeholders through questionnaires, and priorities and manages the materiality of ESG issues based on the survey results, and defines ESG management policies and strategies. The Board of Directors identifies ESG risks based on the current macro policies and the results of communication stakeholders, constantly adjusts ESG management objectives and improves ESG performance, and promotes the Company's sustainable development at operational, environmental and social levels.

Progress and Review of ESG Objectives

The Board of Directors reviews the ESG report issued by the Group every year, reviews and evaluates the completion of ESG targets in the previous year, and compares the Group's data for the same period to ensure the sustainability of the completion of ESG targets. During the Year, the Board of Directors strengthened its participation in ESG work, and its members personally visited the locations of the Group's subsidiaries to examine and make recommendations on health and safety systems, green and low-carbon goals and efficient product quality. 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. As this fiscal year is the third year of group-wide data aggregation, we will set the baseline annual data based on the data of the previous three years, and the ESG Task Force under the Board of Directors will analyze the difference of the ESG three-year target data, and feed back to the functional departments, review and implement the ESG data, and formulate and report the ESG baseline annual quantitative targets, which will be reviewed and approved by the Board of Directors.

Taking into account internal and external environmental factors, combined with the survey of stakeholders, the Group has identified 6 key issues as ESG priorities for the next fiscal year: quality services and efficiency, employees' health and safety, employee development and training, information security and privacy, green, low-carbon and smart remanufacturing center and energy saving and emission reduction.

Environmental, Social and Governance Report

The Group compared key environmental and social indicators in the past three years and identified that the environmental and social data were lower than daily levels due to the impact of the epidemic lockdown measures on the data in the same period last year. We will continue to collect and compare data for future years to form the benchmark data of the Company.

The Group has set the following 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.

The Group has also set the following 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;

The Group has set social qualitative targets during the Year and the total training hours of employees is based on the total training hours in 2023 and will increase by 1% per year for the next three years, as shown below:

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

During the Year, the total training hours of employees was 149,761.15 hours, and the training target for 2024 fiscal year was satisfied.

This report provides details on the progress and effectiveness of the Group's ESG work in the 2024 fiscal year and was approved by the Board of Directors on 28 June 2024.

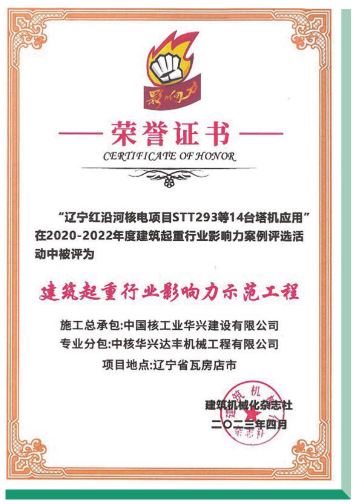
Looking ahead, the Board will continue to monitor and enhance the Group's environmental, social and governance performance, and provide reliable environmental, social and governance data. We will continue to work with stakeholders to brave climate-related challenges. We will manage our business while strengthening the environmental and social impact of our business, and provide a sustainable foundation for building a green, safe and environmentally friendly value chain for the tower crane service industry with our profound technical knowledge and strength.

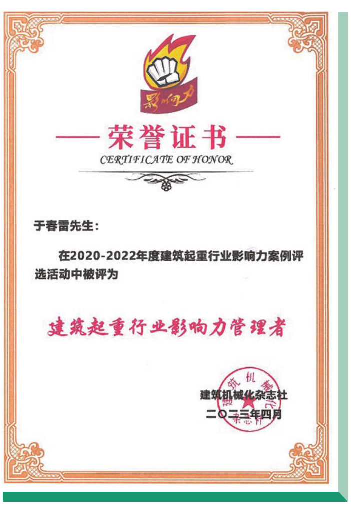
Environmental, Social and Governance Report

Honors of the Group

In this fiscal year, the Group received a number of awards and recognition from customers and government authorities, including:

Award-winning units	Awards
Tat Hong Equipment Service Co., Ltd.	Influential Lessor in the Construction Crane Industry
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.	2020-2022 Influential Demonstration Project in the Construction Crane Industry
	AAA Grade Credible Construction Machinery Leasing Enterprise
	Outstanding Enterprise 2021-2022
	2023 Quality Sub-supplier
	2023 Civilized Unit
	2022 Credible Enterprise in Shanghai Metal Structure Industry
San'ao Nuclear Power Project Department of China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.	2022 Excellent Service Team
Sichuan Branch of China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.	2023 Advanced Construction Enterprises outside the Province in Jiangsu Province
Beijing Branch of Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.	2022 Advanced Construction Enterprises outside the Province in Jiangsu Province
Party branch of Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd.	2022 Advanced Grass-roots Party Organization





Environmental, Social and Governance Report

ABOUT THE GROUP

We mainly deliver one-stop tower crane solutions from consultancy, technical design, commissioning and construction to after-sales service for China's premium and tier 1 EPC contractors. We mainly engage in engineering, procurement and construction projects ("EPC projects") in infrastructure, clean energy, traditional energy, general construction, commercial building and residential building mainly in the PRC. According to the 2023 survey report of International Cranes and Specialized Transport, the Group is the second largest tower crane service provider in China and the fifth largest in the world.

As of 31 March 2024, the Group managed a total of 1,174 tower cranes, making our tower crane fleet the second largest in China's tower crane service market. Our large-scale tower crane fleet enables us to place our focus on large to medium-sized construction projects, providing them with comprehensive tower crane services with a wide range of lifting capacities (ranging from 80 to 3,150 tonne metres (TM)), and participate flexibly in our customers' professional EPC projects across China. Based on the project requirements and assessment made by the management, we also strategically and systematically leased tower cranes from third party suppliers so that the fleet mix of our own tower cranes and leased tower cranes could provide us with greater flexibility and enable us to undertake more projects in order to improve the utilization of our existing owned tower cranes. During the Reporting Period, the total tonne metres of tower cranes used was 3,178,404 tonne metres In order to reduce excessive greenhouse gas emissions caused by long-distance transportation, we deployed tower cranes by adopting the principle of proximity and selected tower cranes that had just completed the construction and met the project requirements as far as possible to reduce transportation distance and transportation cost.

Environmental, Social and Governance Report

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. As at 31 March 2024, we possessed 158 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 also reinforce our excellent delivery in services.

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

We are actively engaged in establishing a standardized after-sales service ecosystem for tower cranes, and creating a green, safe and environmentally friendly value chain for the tower cranes service industry. Under the guidance of the national "double carbon" goal, as a leading enterprise in the tower crane service industry, we insist on building a green and energy-saving sustainable tower crane remanufacturing market, and provide customers with comprehensive and quality after-sales services such as tower crane smart remanufacturing and tower crane maintenance. We are constantly improving the remanufacturing and processing capabilities of tower cranes and their accessory structures. By focusing on the source of tower crane production and reducing environmental pollution, we are committed to providing a sustainable foundation for building a green, energy-saving, safe and environmentally friendly value chain for the tower crane service industry.

Milestones of the Company:

2007: The Group entered the eastern China market to provide tower crane solution services;

2008: The Group entered the southern and northern China markets to provide tower crane solutions services;

2010: The Group entered the Northeast China market to provide tower crane solution services; the total lifting capacity of the tower crane fleet reached 100,000 tonne metres, and the number of tower cranes under the management of the Group reached 500 units;

2011: The Group entered the southwest China market to provide tower crane solutions services;

2012: The Group entered the northwest China market to provide tower crane solutions services;

2017: The total lifting capacity of the tower crane fleet reached 200,000 tonne metres, and the number of tower cranes under the management of the Group reached 1,000 units;

2019: The Group established Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. to engage in tower crane renovation business;

2021: The Company was successfully listed on the Hong Kong Stock Exchange in January 2021;

2022: The Group entered the market of Macau, China to provide tower crane solutions services;

2023: The Group entered the Hong Kong market to provide tower crane solutions services; meanwhile, we expanded our business to other overseas regions.

Environmental, Social and Governance Report

ESG governance
Business philosophy

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

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

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

ESG Governance Architecture

The Group's governance structure covers the Board of Directors, management and all functions of subsidiaries under the Group, and ensures that the Group integrates the concept of sustainability into its day-to-day business decisions and corporate culture.

Environmental, Social and Governance Report

ESG ARCHITECTURE

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

The Group has established a three-tier ESG governance structure to ensure the governance, supervision and control of ESG matters within the Group. The Board of Directors conducts ESG governance supervision to the lower level, and various functional departments at the lower level transmit ESG-related information flow upwards to provide responses and feedback on governance to ensure the effectiveness of ESG governance. During the Reporting Period, the Board has formulated the Group's environmental, social and governance related objectives, material issues and reviewed the progress towards achieving the objectives. Meanwhile, the Board also ensured the effectiveness of risk management and internal control systems on environmental, social and governance. The Board, with the assistance of the ESG Task Force, regularly discussed and reviewed the Group's environmental, social and governance related issues, including but not limited to risks, opportunities, performance, objectives and indicators.

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

STAKEHOLDER COMMUNICATION

The Group provides a variety of open and transparent communication channels. The Company proactively communicates with stakeholders, and knows about the impact of its business on stakeholders, including environmental and social impact, understands and responds to the concerns of its stakeholders and promotes mutual cooperation, so as to reduce potential ESG risks and formulate targeted environmental, social and governance objectives. The Group actively strengthens communication with various stakeholders, understands and learns different sustainable development measures of various stakeholders, and jointly drives the Company and society towards sustainable development. In order to assess the materiality of the Group's ESG issues and understand the expectations of the stakeholders on our ESG work, the Group actively communicates with stakeholders through questionnaires, prioritises and manages the materiality of ESG issues based on the investigation results, and clarifies the ESG management policies and strategies.

Environmental, Social and Governance Report

Stakeholders	Communication Channels	Concerns and Expectations	Communication Outcomes
Shareholders/ Investors	Interim reports and annual reports, announcements and circulars Investor meetings Shareholder meetings Official website, email or telephone communication	Investment returns Strategic direction of the Company Information transparency Business integrity Compliance operation Enterprise risk management Truthfulness, timeliness and completeness of information disclosure	Publication of interim and annual reports, announcements and Circulars 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 Labor rights, humanistic care Work environment health Occupational safety and health Career development Work-life balance	Updating and training employee codes Establishing employee representative unions to protect the basic rights of employees Holding annual employee meetings to increase communication channels Optimizing employee training programs and promotion channels Providing competitive salary and benefits Promote team building

Environmental, Social and Governance Report

Stakeholders	Communication Channels	Concerns and Expectations	Communication Outcomes
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 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	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 Participation in public welfare activities Visits to vulnerable groups and providing support Actively participate 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

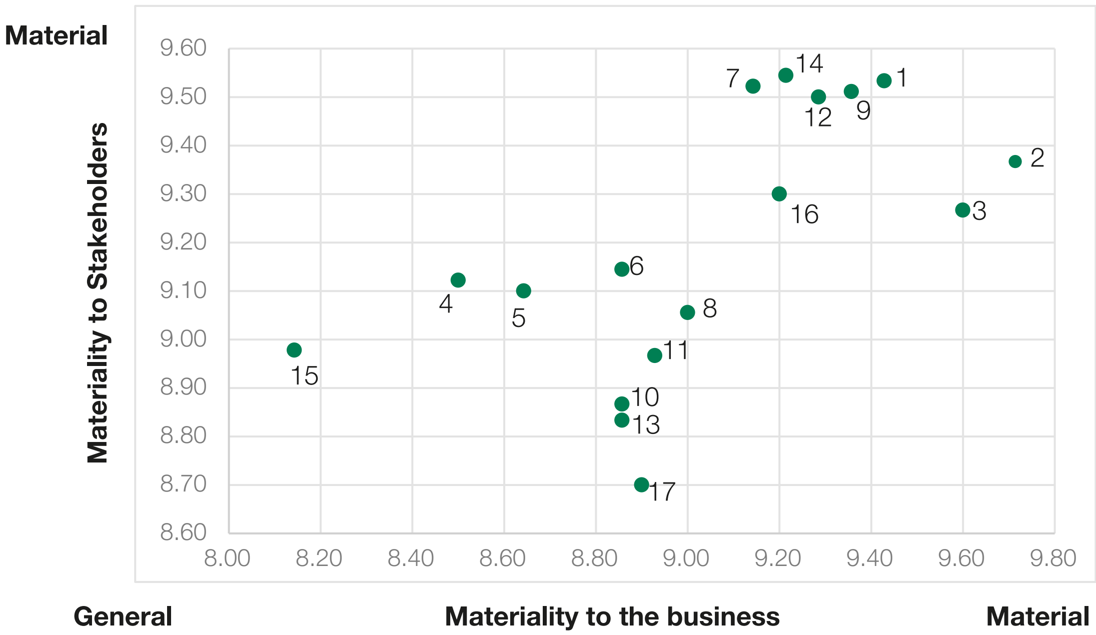
ASSESSMENT OF MATERIALITY ISSUES

During the Reporting Period, based on the feedback from various stakeholders and combined with the actual development, the Group formulated an ESG important issue matrix for the current fiscal year to provide a reference direction for the Group's ESG development.

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

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

Materiality Assessment Matrix



Environment	Operation
1. Compliance with laws and regulations	2. Health and safety of products/services
11. Waste management	3. Customer service and satisfaction
12. Energy consumption and efficiency	4. Data privacy and information security
13. Water consumption and efficiency	5. Supply chain management
14. Minimize the adverse impact on the environment and natural resources	6. Anti-corruption
16. Issues related to climate change	17. Protection of intellectual property rights

Employment	Social issues
7. Employment benefits (e.g., working hours, vacation, benefits, promotions)	15. Caring for the community
8. Occupational health and safety	
9. Employee training and development	
10. Prevention of child labor and forced labor	

Environmental, Social and Governance Report

PRODUCT RESPONSIBILITY

Quality Control and Recycling of Products and Services

We always adhere to the core value of "excellence". We value our ability to deliver quality tower crane services to our customers. Our management usually meets regularly to discuss project status, technical obstacles encountered, personnel management and deployment to ensure that we are able to resolve any issues and complete our projects or services as scheduled. In the course of project implementation, we will also communicate with our clients on a daily or weekly basis (including face-to-face meetings at project sites) to report on our progress, learn about project requirements and respond to customer queries on our works and/or services to ensure that all our works and/or services are carried out in accordance with customers' requirements.

To ensure quality control, we have implemented the following procedures:

Quality Control of Tower Cranes

We purchase and lease tower cranes from reputable suppliers to meet our quality and technical specifications. In addition, according to the relevant laws and regulations, tower crane manufacturers are obliged to arrange factory tests and obtain factory certificates before selling tower cranes in the market, indicating that the tower cranes manufactured by them have passed quality inspection and comply with the relevant laws and regulations. When we accept products, we check factory certificates to ensure that the tower cranes we purchased are fit for use. We have maintained good and long-term business relations with our suppliers.

Quality Control of Tower Crane related Parts and Accessories

We purchase tower crane components and accessories from qualified suppliers who we believe are trustworthy in terms of product quality and delivery time. When placing purchase orders, we communicate with suppliers on the requirements and custom specifications of the parts and accessories required. After the supplier has delivered our required products to the designated project site, we will also check the relevant products to ensure that the quality of these tower crane related parts and accessories meet our project requirements. Parts and accessories that do not meet our standards or specifications will be returned or replaced. In addition, to ensure a stable supply, we usually maintain three qualified suppliers to supply some major parts and accessories.

Quality Control of Labor Provided by Labor Subcontractors

We will obtain and verify the necessary licences and qualifications of selected labour subcontractors before engaging them. For each project, we will appoint a project manager to oversee the project. Our management will regularly inspect the service works performed by the labor subcontractors to ensure that the completed service works meet the customer's requirements. In addition, we also assign project managers to the project sites who are responsible for supervising and monitoring the progress, safety, quality and process of the works. The project manager is also responsible for coordinating the project team, labor, subcontractors and clients at the project site and reporting to senior management.

The Group carries out strict quality inspection and testing on the purchased equipment. In case of quality or safety problems, we will contact the supplier in time to give feedback on product defects, and formulate corresponding preventive measures to minimize the risks and hidden dangers brought by the equipment to customers. During the Reporting Period, the Group did not experience any product recalls resulting from quality or safety issues of purchased products, and the percentage of products sold or delivered that had to be recalled for safety or quality reasons was zero.

Environmental, Social and Governance Report

Health and Safety Control of Products and Services

We constantly reinforced our core value of "Safety" and were committed to ensuring the safety of project implementation process; We were constantly concerned about the safety of the surrounding environment of the construction project site and the safety of our on-site project staff. The Safety Management Control Procedures formulated by the Group mainly cover four major aspects, including personnel safety management, safety management of tower cranes and related parts and accessories, specific investigation and assessment of any accidents and tower crane failures, and regular communication with internal safety committees.

We ensured that new employees comply with relevant laws and regulations when obtaining all relevant licenses and qualifications. We also implemented mandatory inspections twice a year, including spot checks on the competency of on-site project staff (including technicians and tower crane operators). We also prepared internal training materials on safety issues and organized regular training sessions and "emergency drills" to familiarize workers with appropriate emergency procedures and shorten overall response time to emergencies. In addition, we conducted mandatory technical handover procedures on construction safety of projects on a daily basis, during which we received safety reports from on-site workers before they carry out service works. We also provided employees with work safety education and training, covering relevant laws and regulations on labour safety, risks related with our business operations and measures to reduce such risks, thereby enhancing employees' safety awareness.

We have implemented a series of internal safety guidelines and standard procedures that are more stringent than national industry standards. We set annual safety targets and monitored our teams to minimize accident and error rates. Our project management team conducted weekly inspections to ensure that tower cranes available for deployment on future projects are functioning properly. Our operations center conducted monthly inspections to ensure that all safety equipment is well maintained. The Group conducted spot checks on subsidiaries in the last quarter of each year to ensure that our services and tower cranes maintain high standards of quality control.

During the Reporting Period, the Group did not find any material violations related to product and service quality, nor did it recall leased or transported products due to safety and health issues, and there were no major complaints about product quality and safety issues.

The Group has established stringent internal systems such as the Control Procedures for Equipment Leasing and Service Process and the Control Procedures for Tower Crane Maintenance Management, to ensure the health and safety of products and services. The Group complied with Product Quality Law of the People's Republic of China, Special Equipment Safety Law of the People's Republic of China, Regulations on Safety Supervision of Special Equipment, Regulations on Safety Supervision and Management of Construction Hoisting Machinery and other laws and regulations during its operations, and regulated the management of the quality and maintenance of the following products with Control Procedures for Equipment Leasing and Service Process and the Control Procedures for Tower Crane Maintenance Management, to effectively control the entire process of equipment leasing.

Complaints and Responses of Products and Services

We have a 24-hour customer service center, which is responsible for communicating with customers to understand and analyze their satisfaction with our services. After receiving the inquiry or complaint, the customer service centre will categorize the relevant matters and forward them to the relevant departments for processing in a timely manner in accordance with the Group's internal designated Customer-related Control Procedures, and keep records of these inquiries and complaints, including but not limited to, the reason for the matter, customer's request, processing department and the response time, so that the whole Group can make inquiries easily.

Environmental, Social and Governance Report

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

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

During the Year, we handled a total of 21 complaints about products and services, representing a decrease of 22.2% compared with the previous year, and all products and services that customers complained about have been tracked and dealt with.

During the Reporting Period, customer requests were responded to within 24 hours, with a response rate of 100% and customer satisfaction rate of 90%, representing a decrease of 2% compared with the previous year.

Maintenance and Protection of Intellectual Property Rights

During the Reporting Period, we put a lot of effort into the research and development of technical solutions for tower cranes and internal working platforms and integrated information systems. As of 31 March 2024, the Group held a total of 158 utility model and invention patents related to tower cranes and 21 software copyrights. We also had proprietary data relating to our business, such as data on pricing, procurement and construction methods of parts and accessories. We relied on a combination of patents, trademarks, copyrights, domain names and contractual rights to protect our intellectual property rights. We strengthened the protection of our intellectual property rights and protect our proprietary data by taking legal action when necessary.

We have developed in-house Procedures for Intellectual Property Control to establish different control procedures for different categories of intellectual property rights. The Group's R&D personnel shall additionally sign confidentiality contracts, pursuant to which they are required to undertake confidentiality obligations during and after their employment in accordance with laws and contractual provisions; we also sign contracts for cooperation projects to clarify the ownership of intellectual property rights. In addition, employees are strictly prohibited from disclosing content related to core technical secrets of the Company in any form and before registering patents and software.

The Group closely monitors the expiration status of intellectual property rights, regularly evaluates the effectiveness of intellectual property rights, and continuously supervises intellectual property rights. The Group has strictly complied with the laws and regulations relating to the protection of intellectual property rights, including but not limited to Trademark Law of the People's Republic of China, Implementation Regulations on the Trademark Law of the People's Republic of China, Patent Law of the People's Republic of China, Rules for the Implementation of the Patent Law of the People's Republic of China, Regulations on Computer Software Protection, Measures for the Registration of Computer Software Copyright.

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

Environmental, Social and Governance Report

Data Privacy and Information Security

The Group attached importance to protecting customer information privacy and paying attention to the security of the group's internal information, to prevent unauthorized or accidental transfer, deletion or use of such data for other purposes.

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

We also assigned professional technicians to manage the company's network security to prevent the leakage of customer privacy data. We took firewall protection, anti-virus software, regular data backup, system license access and other ways to ensure the security of company data. In the employee handbook, we emphasize that employees are not allowed to copy their contents or disclose their data to other colleagues or customers without authorization when using any software of the group. We strictly implement the IT management system and it management cycle issued internally to standardize the management of information systems and protect the security of the company's calculator systems and prevent data leakage. Besides, we regularly issue online data security reminders to employees to cultivate their awareness of protecting customer privacy and maintaining personal information security.

During the Reporting Period, we did not have any non-compliance with data privacy and information security, and strictly complied with 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 and other laws and regulations.

Anti-corruption

During the Reporting Period, we strictly implemented the Tat Hong China Anti-corruption System and the Anti-Corruption Policy promulgated within the Group, and the internal audit department of the Group also regularly supervised to ensure employees 'compliance with relevant anti-corruption laws and regulations and prevent bribery, corruption or fraud by directors and employees. The Group strictly abides by the anti-corruption and bribery regulations in the places where it operates and practices high standards of business ethics. The Group adopts a "zero tolerance" approach to corruption and prohibited employees, management and directors from taking advantage of their positions to provide benefits to customers, suppliers or other parties. The Company also strictly prohibits any illegal acts such as bribery, extortion, fraud and money laundering.

The Audit Department of the Company is responsible for supervision and accountability related to anti-corruption work, and strictly supervise and coordinate internal audit, finance, business, procurement and information technology in strict accordance with the work requirements of each department of the Group. In addition, we will terminate business cooperation with any business partner who violates our internal anti-corruption policies and procedures and we reserve the right to investigate and claim damages. We also provide relevant ethical guidelines in the Employee Handbook and emphasize that anti-corruption violations shall be punished accordingly. Serious incidents may be transferred to judicial authorities for handling. In cases of corruption, serious cases are reported to the Board, which reviews the Company's anti-corruption policy each year to ensure its effectiveness.

The Group also follows external anti-corruption, which include but are not limited to: Anti-Corruption Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery, Tendering and Bidding Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China, Prevention of Bribery Ordinance.

Environmental, Social and Governance Report

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

The specific anti-corruption measures of the Group are as follows:

(i) Employees are required to report any conflict of interest at any time before and after tender submission when they become aware of such conflict of interest;

(ii) Collusion with other companies or employees of other companies in relation to tenders is strictly prohibited;

(iii) Employees are required to avoid conflicts of interest (by not putting themselves in a position of liability to suppliers, customers or tenderers);

(iv) Employees are strictly prohibited from paying or receiving bribes, rebates, luxury goods or money from suppliers and from paying expenses for or donations to customers or any individual;

(v) It is required to comply with internal policies, obtain prior approval and submit written forms internally in respect of business hospitality;

(vi) It is strictly forbidden to solicit or accept the convenience and benefits provided by suppliers and customers in connection with housing decoration, weddings and funerals, job arrangements for spouses or children, and travel abroad; and

(vii) It is strictly forbidden to introduce family and friends to customers and suppliers to participate in business activities. We also set indicators to guide employees in identifying and reporting misconduct and require new employees to undergo anti-corruption training as part of their induction training.

For stakeholders, such as business partners, suppliers, customers and employees, we promote transparency and classify and keep confidential relevant data to prevent employees from gaining personal benefits from important data of the company, and explain to employees how to handle this data clearly. We also attach importance to the role of the financial system in the fight against corruption.

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

In addition to human supervision, we also supervise corruption and bribery through the Company's risk management and internal control systems, and the Audit Department evaluates the adequacy and effectiveness of the Company's risk management and internal control systems and reports thereon to the Board and management. The Board and management should ensure that personnel performing internal audit have appropriate resources and know-how, operate independently and report to the Audit Committee.

Environmental, Social and Governance Report

During the Reporting Period, we organised group-wide anti-corruption training and participated in anti-corruption training provided by external professional consultants to raise the awareness of directors and employees against corruption and to build and foster a corporate culture of integrity. As a company listed on the Stock Exchange, we introduced the anti-corruption laws of Mainland China and Hong Kong to our employees, as well as the possibility of corruption that different departments may face. The Group also shared anti-corruption cases in real life in recent years with directors and employees to build their awareness of corruption crisis. Directors are briefed annually on the anti-corruption requirements prescribed in the Companies Ordinance and the Guidelines on Directors' Responsibilities such as expectation to avoid conflicts of interest and not to use directorships for profit.

SUPPLIER

We require our suppliers to supply tower cranes and related parts and accessories according to the technical specifications we require, and provide us with quality inspection reports after delivery of the products. Our procurement and quality control teams also conduct on-site inspections of suppliers' production processes and quality control systems from time to time. We usually evaluate our suppliers on the quality and punctuality of the delivery of tower cranes and related parts and accessories to us. We also assess suppliers on their ability to provide corrective actions within a certain period of time after receiving a quality complaint from us. We usually maintain three qualified suppliers for certain major parts and accessories based on price and quality. This allows us to minimize the risk of short supply of parts and accessories in a timely manner in the event that selected suppliers fail to meet our requirements.

We clarify the duties of the procurement personnel and the process and standards of procurement in accordance with the Group's internal Equipment Procurement Management and the Employee Handbook and other related systems, requiring the procurement personnel to conduct procurement with ethical standards of fairness, impartiality, integrity and honesty. This aims to avoid conflicts of interest or other potential corrupt practices. We also review and evaluate the impact on the environment when selecting suppliers and prefer to choose environmentally friendly suppliers. For example, we select suppliers who use environmentally friendly paints and require suppliers to use non-disposable packaging in order to reduce waste. We also express our expectations for occupational health, child labor, safety and other sustainability factors, and work with the suppliers to create a green supply chain management system. In addition to product suppliers, logistics suppliers are also an important part of the Group's business. To reduce unnecessary waste and greenhouse gas emissions during transportation, we select equipment as close as possible to the project location to reduce transportation time and achieve cost efficiency.

During the Reporting Period, the Group has strictly complied with the laws and regulations including the Government Procurement Law of the People's Republic of China. As of 31 March 2024, we have worked with 177 major suppliers, all of whom have strictly followed our supplier management system. The Group will continue to cooperate with the suppliers to fulfill the social responsibility of green environmental protection.

During the Year, the Group has made a more detailed breakdown of supplier regions, and the number of suppliers by region is as follows: (region breakdown based on the location of the top 15 suppliers of purchased items)

Supplier region	Unit	Fiscal Year 2024	Fiscal Year 2023
North China	number	19	15
Northeast China	number	7	31
East China	number	109	43
Central China	number	6	13
Northwest China	number	2	9
South China	number	10	16
Southwest China	number	24	0
Total	number	177	127

Environmental, Social and Governance Report

COMMUNITY INVESTMENT

The Group practically performs social responsibilities, and for many years has been participating in charitable activities, thereby providing supports to vulnerable groups.

During the Reporting Period, the Group participated in the "E.G.G.Walkathon" activity and raised donations totaling RMB180,000. A subsidiary of the Group participated in a one-day donation activity held by the Yizheng government and donated RMB10,000.

During the Reporting Period, the Group took part in the "E.G.G.Walkathon" activity for the 6th consecutive year since 2016 (with a suspension of 2 years in the COVID-19 period), the funds raised were used to support and nurture various children charity programs, like "An Egg (一個雞蛋)", "Clean Hands (清潔小手)", "Treasure Cottage (寶藏小屋)" etc. During the Year, the funds raised were for the first time applied in the operation of minors protection workstations in Shanghai, and in the exploratory construction of minors protection system in communities.

In 2016, we had dozens of members in 4 teams, and in 2023, we had over 100 members in 12 teams, participating in the 50km Walkathon event for raising funds to support children in poverty stricken areas. We are willing to deem this event as a transit point for social warmth, and we, as a love conveyor, will make the world warmer. We're upholding our original ambition, behaving well for the long run, actively performing our social responsibilities, undertaking public welfare, serving for the society and contributing our values. This is why the Group persists in our pursuit for excellence.

"E.G.G.Walkathon" activity

ENVIRONMENT

The Group is committed to taking responsibility for a green and harmonious society. The Group is aware that to realize the objective of sustainable development, we need to protect the environment as much as possible on the premise of developing the economy and safeguarding the interests of society and individuals. Therefore, the compliance with environmental policies is crucial to the corporate sustainability.

During the Reporting Period, the Group strictly followed the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and other relevant laws and regulations, and strictly implemented the system and procedures of the internal Environmental Management Operation Control Procedure in order to reduce the negative impact caused by the operation on the environment. The Group took specific measures to promote environmental awareness, waste supervision and management, wastewater, noise and air pollution management and control, as well as office energy saving, water, electricity and fuel consumption control.

EMISSIONS

Greenhouse gas emissions generated in our operation are mainly from the direct greenhouse gas emissions from the use of gasoline and diesel fuel and the indirect greenhouse gas emissions from purchased electricity. The Group arranged all subsidiaries to take annual examination on their vehicles, to ensure the vehicle exhaust emissions meet national requirements. During the Reporting Period, 263,617.59 litres of petrol has been consumed by the Group's vehicles during the Year, representing an increase of 16.8% compared to the same period last year. Vehicles emitted 3,372.77 kg of nitrogen oxides (NOx), 6.3 kg of sulphur oxides (SOx) and 312.89 kg of particulate matter (PM). Total greenhouse gas emissions from the Group's operations were 384.6 tonnes of carbon dioxide equivalent (FY2023: 207.8 tonnes of CO2e). Both Scope 1 and Scope 2 emissions increased during the Reporting Period, mainly due to the following:

1. A new light vehicle was purchased for business purposes during the Year;
2. The Group's visits to suppliers, customers and other business partners increased this year compared to last year;
3. The new factory was put into use, resulting in an increase in the fuel consumption of heavy vehicles.

Indicators	Unit	Fiscal Year 2024	Fiscal Year 2023
Greenhouse gas emissions			
Scope 1: Direct greenhouse gas emission	tCO_2e	1119.20	826.8
Scope 2: Indirect greenhouse gas emission	tCO_2e	1,151.52	917.8
Total greenhouse gas emissions (Scope 1 and 2)	tCO_2e	2,270.72	1744.6
Intensity of greenhouse gas emissions			
Intensity of greenhouse gas emissions-per square meter (Scope 1 and 2)	tCO_2e/m^2	0.009	0.013

Notes:

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

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

To realize environmental qualitative targets, the Group will continue online office and encourage public transportation to reduce greenhouse gas emissions. Meanwhile, the Group tries the best to choose energy-efficient office appliances to reduce energy consumption emissions. We maintained our vehicles regularly to prevent them from using more fuel and emitting more greenhouse gases due to low efficiency. We make daily monitoring and maintenance of our tower cranes, reducing increased transportation due to maintenance and equipment replacement requirements, thereby indirectly reducing greenhouse gas emissions. In order to reduce the greenhouse gases generated during the transportation process, we have been following "green allocation", that is, deploying equipment within 300 kilometers of the equipment demand point, which helps the Group to achieve the double goals of cost saving and environmental benefits.

Environmental, Social and Governance Report

WASTES

During the Reporting Period, the hazardous waste generated by the Group comprised mainly computers, batteries, waste ink cartridges, waste carbon powder cartridges and other solid wastes. The hazardous waste generated by our Maintenance Center in Yangzhou comprised waste engine oil, paint residue and sand spray dust, which have potential risks to human health and environmental health. The non-hazardous waste produced by the Group mainly comprised office household waste and office paper.

The Group consumed 10,566.90 kg of paper during the Year, with an intensity of 14.4 kg per employee. The increase during the Year was due to a decrease in total paper consumption as our employees worked from home for longer hours affected by the epidemic lockdown measures in the same period last year, and an increase in paper consumption per employee due to a decrease in the number of employees of the Group. The Group continued promoting paperless office, and gradually transferred construction-related business information into the corporate information management system, to minimize paper use.

The waste data for the Year are as follows:

Waste produced and intensity	Unit	Fiscal Year 2024	Fiscal Year 2023
Total hazardous waste produced	No. of computer	16	34
	No. of battery	299	326
Hazardous waste produced per employee	No. of computer/employee	0.02	0.03
	No. of battery/employee	0.41	0.24
Total non-hazardous waste produced	kg	83,408	50,889
Non-hazardous waste produced per employee	kg/employee	113.95	37.61

During the Year, the output of hazardous waste decreased and the output of harmless waste increased compared with the previous year, mainly due to the increase in scraps and waste parts generated by fixed asset maintenance during the Year. The calculation methods of the two years are consistent.

The Group has taken following measures to reduce the discharge of non-hazardous waste:

- Implement internal Waste Management Measures. As for household waste, we mandate our employees to sort it and put it into a place designated by the Environmental Protection Department for recycling and disposal;
- 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 household waste;
- Provide reusable cups and reduce the use of plastic cups.

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

The emission data of hazardous wastes generated by Yangzhou Maintenance Center for the Year are as follows:

Waste produced and intensity	Unit	Fiscal Year 2024	Fiscal Year 2023
Total hazardous waste produced	kg (waste engine oil)	2,130	1,390
	kg (paint residue)	10,350	2,200
	kg (sandblast dust)	3,860	4,040
Hazardous waste produced per employee	kg (waste engine oil)/employee	2.91	1.03
	kg (paint residue)/employee	14.14	1.63
	kg (sandblast dust)/employee	5.27	2.99

The increase was mainly due to the fact that the volume of finished products due to the manufacturing of workpiece increased significantly compared with last year, resulting in an increase in both the spraying volume and the production volume of paint residue, and the oil volume increased arising from the replacement of old tower cranes due to business demand during the Year, resulting in an increase in residual waste oil. The calculation methods of the two years are consistent.

We have commissioned a professional assessment agency to assess the impact of the Group's activities on the environment and prepare an environmental impact report every year in order to reduce waste discharge from the center. We have conducted regular monitoring of waste gas and water to meet the discharge standards of national laws and regulations. We also have contacted waste treatment institutions with hazardous waste business licenses for professional treatment of paint residue, sandblast dust, waste oil, waste rags and labor protection supplies, waste chemical packaging, waste activated carbon and waste filter cotton and other hazardous wastes to reduce the harm to the environment. During the Reporting Period, all hazardous wastes mentioned above have been disposed of by professional disposal institutions. We have strengthened statistics on the production, storage and treatment of hazardous waste, and strictly managed it. During the Reporting Period, we have not received any notices or warnings regarding environmental protection matters, or have we been subject to any fines, penalties or other legal actions by Chinese governmental agencies for serious violations of any Chinese environmental protection laws.

USE OF RESOURCES

During the Reporting Period, the Group's use of resources was mainly water and electricity consumption.

During the Reporting Period, the Group consumed 1,887,424.56 kWh of electricity, with a power consumption density of 7.85 kWh per square metre. The increase in total electricity consumption during the Year was due to a significant increase in office area, and the decrease in power consumption intensity compared with the previous year was mainly due to an increase in the total area of the Group during the Year compared with the previous year. The Group mainly adopted the zone power consumption and adhered to the implementation of energy conservation and consumption reduction as one of the means of cost control. During the Reporting Period, the total amount of water consumed was 41,063.50 cubic metres, representing 0.17 cubic metres per square metre. The increase in total amount of water consumed during the Year was due to the increase in the office area, the increase in business scope and business demand, and the increase in water consumption.

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During the Reporting Period, the Group was not involved in any resource irregularities and did not identify any resource utilization issues that may have a material impact on the operations of the Group.

- The HR & Administration Centre of the Group carries out irregular check on office area lighting, air conditioning, heating, computer and other electricity consumption, check water pipes, valves and other facilities, to prevent waste of water, and Shanghai HQ will perform the following energy saving & consumption reduction measures:

- Reduce the power consumption of lighting devices, do not open lights when the natural light is sufficient in office area;

- Shut down the lights in a zone of office venue where there is no or a few staff working (i.e. in the period of meeting, training, department collective travel);

- Office lights are open depending on conditions. When there are visitors, all lights are open; in ordinary office hours, only part of lights are open; in rainy days or cloudy days, more lights are open;

- Energy saving management on computers, printers and photocopiers among other office devices. Set them in "Sleep" or "Close" status when they are not in use for a long time; close all computers, printers, photocopiers, water dispensers, coffee dispensers, microwave ovens and other devices when staff are off work. Corporate Management Department of the HR & Administration Centre will appoint specialists to make daily checks;

- Stick electricity saving and water saving slogans on apparent places in office area, to increase the awareness of saving, and avoid waste;

During the Year, the Group had no problems or matters requiring attention in the management of water and electricity consumption.

In January 2024, a subsidiary held a kick-off meeting for the cost control activity of "energy saving and consumption reduction", at which, the Notice of Energy Saving and Water/Electricity Consumption Reduction was circulated. In particular, in the context of the current global economic downturn, the Company should broaden income sources and save expenses, save energy and reduce consumption, make good internal control, refine management; all departments, workshops and shifts should further understand the importance of cost management, and insist on cost control management of "energy saving and consumption reduction" in the long run.

Since the Group is not a productive enterprise, the use of resources relating to packaging materials does not apply to the Group.

ENVIRONMENT AND NATURAL RESOURCES

Other than the emissions and resource use disclosed above in this Report, the nature of the Group's business does not have any significant adverse impacts on the environment and natural resources, and no violations of environmental and natural resource related laws and regulations have been found. No complaints have been received about noise pollution, air pollution and light pollution.

Braving worsening environmental problems and natural resource shortages, we will strictly perform waste management, promote paperless green office, guide entire employees to take active part in the practice of low carbon environment-friendly lifestyle, and integrate green low carbon sustainable development into corporate culture and ordinary operation. We will continue to pay attention to and comply with relevant laws and regulations. Meanwhile, we will continue to assess the environmental risks of the Group's business, respond to the national carbon peaking and carbon neutrality goals and assume more environmental protection responsibilities for society.

Environmental, Social and Governance Report

During the Reporting Period, we staged a tree planting activity, promoted green low carbon travel day activity every month, and realized harmonious development of business operation and natural environment.

1. Green Travel Day: On Green Travel Day, shuttles of the Company will suspend operation, and employees are encouraged to take public transit vehicles, to minimize greenhouse gas emission.

2. Tree Planting Activity: To continue the implementation of the Group's ESG management and our team philosophy of "creating, sharing and growing together", a subsidiary held the "green TAT HONG, planting hopes" tree planting activity on 15 March 2024, and planted a total of 100 osmanthus trees and 99 heather trees during such activity.

RESPONSE TO CLIMATE CHANGE

Green environmental protection is the foundation of sustainable development, and the Group has always strictly complied with the relevant national environmental laws and regulations, implemented low carbon energy saving emission reduction policies, combined the concept of cultivating green mountains & clear waters with the Group's business development, and fulfilled our corporate environmental responsibilities in an all-round way. By considering the recommendations of the Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosure (TCFD), the Company 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 Board of Directors and the management team play different roles in governing climate related issues of the Company. The Board is responsible for deciding, approving and monitoring the policy mechanisms for climate related issues, to ensure sufficient financial, equipment and human resources in response to climate change. The Board is responsible for approving climate related issues, overseeing and checking the effectiveness of climate risk management measures, including discussing the objectives and action plan. The management team is mainly responsible for performing, evaluating and overseeing climate related issues, making analysis and recommendations to the Board, to ensure the effectiveness of Board's oversight. The management team shall maintain the validity of environmental and financial data, identify, manage, mitigate and oversee the resources required by relevant issues, and coordinate different functional departments within the Group, to promote effective cooperation.

Environmental, Social and Governance Report

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

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

Strategies

The Directors pay attention to global climate changes, and have identified climate change risks that may possibly have unfavorable influence on the Company's business, strategy and financial conditions, including transition risk and physical risk. During the Reporting Period, the Board of Directors and the Management had identified and assessed the climate related risks.

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

Type of risks	Physical risks	Transition risks
Description of risks	Increased frequency and intensity of typhoons, rainstorms, floods, sea level rise and other extreme weathers	China proposed the strategic goals of carbon peaking and carbon neutrality, all departments actively promoted the climate related policies and laws & regulations, while the expenses and costs during the period of implementation temporarily cannot be measured reliably.
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 Company's operating costs, human resources costs, and increased the Company'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 the Company's increase in costs for purchasing equipment and increase in R&D expenses; 3. As the public demands on enterprises to cope with climate change increase, failing to meet the public expectations will undermine the Company's image.

Environmental, Social and Governance Report

Type of risks	Physical risks	Transition risks
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, and improve the Company's environmental protection system; 2. Be proactive in understanding market needs and focus on clean energy; 3. Disclose environmental performance indicators in strict accordance with the requirements of Stock Exchange, keep in touch with stakeholders, understand their expectations of the Company and make improvements; 4. Deeply practise green low carbon development strategy, include it into the Company's medium- to long-term development planning.

Risk Management

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

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

Environmental, Social and Governance Report

Type of risks	Risk scenario	Business impacts	Financial impacts	Time scope	Risk level	Countermeasures
Physical risks	Typhoon	Project shutdown, equipment collapse or destruction	Equipment discarding, increased maintenance cost, 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
	Extremely high temperature weather	Frequent fires, droughts, extending the construction term, increasing hidden hazards of outdoor operation	Increased labour cost and operational cost, 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	Extended term of equipment procurement, lower capacity of the Group in delivery	Lower utilization rate of equipment, lower income	Short term	Low	Enhance employees' awareness of water saving, promote the publicity of water saving

Environmental, Social and Governance Report

Type of risks	Risk scenario	Business impacts	Financial impacts	Time scope	Risk level	Countermeasures
Transition risks	Laws and regulations	Possibly lower production capacity of existing equipment due to the realization of carbon peaking & carbon neutrality targets; less supply of equipment, higher price; less projects from clients	Higher cost of procurement; less projects, fiercer market competition, lower price, lower income	Mid term	Medium	Actively focus on climate change related policies
	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	Increased cost of procurement; increased R&D cost; training and labour costs	Long term	High	Active sought for cooperation with new energy projects; enhanced R&D in tower crane new technologies, to increase tower crane working efficiency
	Carbon trading market	Purchase of carbon emission from market, to meet the demands for continuing development of business	Increase of operational costs	Long term	High	Active focus on carbon trading market information, attention to carbon assets management

Environmental, Social and Governance Report

EMPLOYMENT AND LABOR PRACTICES

Employment, Promotion and Dismissal

Employees are the most precious resources of the Company, and the development of the Company lies in the growth of employees. The Group continues to optimize employees management system, continues to offer employees with tower crane service expertise training, build a safe, healthy working environment, secure employees' basic rights and interests, stress on humanistic care, continue to optimize and expand recruitment channels, actively promote the training of new employees and all levels of employees, continuously cultivate outstanding international talents, optimize the talent structure and salary/benefits policies, strengthen the construction of the Company's high-quality talent team, match the scale and quality of employees with the development of the Company, and realize the unity of the corporate development and the self-value of employees.

The Payroll Cycle System issued within the Group requires the Group to maintain a fair, equitable and merit-based attitude in recruitment and promotion. During recruitment, the Group will practise the principle of diversification, and will not discriminate against any candidate on the basis of gender, age, race, skin color, religion, nationality, disability or retirement, sexual orientation, etc. We actively recruit employees from different backgrounds, respect the diversity of individuals and cultures, and in particular, the Group performs the diversification policy of Directors, that is, the members of the Board are from different industrial backgrounds, educational backgrounds and cultural backgrounds etc. To maintain the diversification of the Group is an important measure for us to promote corporate sustainability. We clearly prohibit child labour, and uphold the labour bottom line. To maintain the corporate philosophy of diversification, we pay great attention to talents team, build a transparent, fair recruitment and promotion mechanism, adopt a diversity of recruitment channels, clarify our recruitment requirements, offer a wealth of time-matched training systems, and provide a sustainable development platform for employees' occupational development.

As of 31 March 2024, the Group had a total of 732 employees (as of 31 March 2023: 1,353). Details of the total number of employees by gender, employment type, age group and region are as follows:

Employee indicators	**Fiscal Year 2024**	**Fiscal Year 2023**
Total number of employees at the end of the period (person)	732	1,353
Total number of employees by gender		
Female (person)	136	360
Male (person)	596	993
Total number of employees by employment type		
Full-time junior employees (person)	561	1,171
Full-time medium employees (person)	134	166
Full-time senior management (person)	37	16
Total number of employees by age group		
Below 30 years old (person)	147	334
30-50 years old (person)	489	925
Over 50 years old (person)	96	94
Total number of employees by geographical region		
North China (person)	99	126
East China (person)	370	399
Central China (person)	30	45
Northwest China (person)	43	96
South China (person)	118	687
Southwest China (person)	72	0
Others (including Hong Kong, Macau and Taiwan) (person)	0	0

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To maintain stable and harmonious employee relationship, the Group strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Special Provisions on Labour Protection for Female Employees, the Interim Regulations on the Collection and Payment of Social Insurance Premiums and the Social Insurance Law of the People's Republic of China and other relevant laws and regulations, and strictly ensures employees' remuneration, benefits and leaves among other rights and benefits.

The Group strictly performs the employees benefit systems required by the Employees' Code of Conduct and the Payroll Cycle System, actively ensures employees' rights, and lawfully contributes to employees' social insurance, medical insurance, business insurance, pension insurance and housing fund. The Group's subsidiaries have set up internal trade union committees to safeguard the legal rights and interests of employees and promote harmony and stability in labour relations.

The Group has adopted following measures to ensure employees' 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 retired employees, the Company will not adopt a special method to limit the working freedom of retired employees.
Female employees' rights and benefits protection	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, ensure that female employees enjoy due employee benefits during pregnancy, childbirth and lactation, ensure gender equality in employment, actively provide equal employment promotion opportunities for female employees, and pay attention to the cultivation and development of female employees' leadership.
Working hours and vacation protection	The Group strictly follows the national laws and regulations on labour, stipulates the standard working hours and the holiday benefit system, strictly implements the working hours for specific technical positions, and arranges leave in lieu for employees who work overtime.
Employees' privacy protection	HR and IT departments shall strengthen the confidentiality of personal information and remuneration of employees, conduct regular information security training for employees to enhance their awareness of self-information protection; the Group shall also strengthen information security management, strengthen the management of authorized licenses, and strictly protect the privacy of employees.

The Group performs transparent, fair remuneration policy, and determines employees' salary level and personal bonus, according to the Company's operating conditions, employees' work performance, labour market, employees' individual skills and qualities. We link the salaries of some of our highly qualified individuals with our business goals and team goals to attract and retain strong, highly skilled and motivated employees and teams through this performance appraisal method. We have developed internal long-term service reward for employees who have been serving and contributing to the Company continuously. Meanwhile, we adopt an open, transparent promotion system for employees, where employees' promotion is solely dependent on their self-assessment and superior level evaluation. The evaluation shall specify the rating rules, providing the promotion standards for employees.

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We also offer employees with additional non-remuneration benefits and organize a wealth of staff activities. For example, we hold staff sports competitions among other entertainment events, proactively construct stable, harmonious staff relationship, mitigate staff working pressure, and increase staff's sense of happiness and cohesion. Physical health is the fundamental condition for balancing life and work.

Staff activities

Case 1: During the Reporting Period, a subsidiary held a "Mutual Creation, Sharing, and Growth" Pioneer Walkathon activity, and the team members responded enthusiastically, and actively participated with full energy. This "Pioneer Walkathon (暴走先鋒) " activity not only allowed everyone to warm up before the formal event, but also provided everyone with a good opportunity to relax and relieve stress from work.

Case 2: During the Reporting Period, a basketball game was held at the basketball court of a subsidiary. The members of the basketball team were divided into two teams named "mutual creation" and "mutual sharing", and actively participated in the activity. This activity not only strengthened the mutual communication and understanding among employees, created a confident, harmony and energetic atmosphere, but also made everyone have a deeper understanding of our corporate spirit. Only when we mutually create and share, can we grow together!

Case 3: During the Reporting Period, the regional operations director of Eastern China led a team to hike over the "Lingbai Line", that is, the mountains and valleys connecting Lingyan Mountain and Baima River in Jiangsu Province. In this hike, although the way was steep, the team members supported and encouraged each other along the way, and finally arrived at the destination by holding the spirit of never giving up. The operations director Mr. Zheng required that, in the current severe market situation, we need to have more fighting spirit and capacity. This activity enhanced the self-confidence and increased the cohesion of our team, and inspired the team to face the difficulties without fear and proactively respond to the challenges in the future.

Environmental, Social and Governance Report

The termination of a labour contract with any employee needs to be based on reasonable reasons, and any unfair or improper reason to terminate the labour relationship is strictly prohibited. The Group follows the principles of equality and willingness, and will force employees to resign by coercive means. During the Reporting Period, a total of 192 employees left the Group, with details of employee turnover rates by gender, age group and region as follows:

Turnover rate	Unit	Fiscal Year 2024	Fiscal Year 2023
Total turnover rate	%	20.8	16.8
Employee turnover rate by gender			
Turnover rate for female employees	%	28.0	20.4
Turnover rate for male employees	%	18.9	15.4
Employee turnover rate by age group			
Below 30 years old	%	26.5	17.7
30-50 years old	%	20.1	17.0
Over 50 years old	%	14.3	11.3
Employee turnover rate by geographical region			
North China	%	7.5	28.0
East China	%	19.2	21.6
Central China	%	11.8	40.0
Northwest China	%	31.7	17.2
South China	%	33.3	6.4
Southwest China	%	15.3	0
Others (including Hong Kong, Macau and Taiwan)	%	0	0

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Health and Safety

To provide employees with safe working conditions, and in particular, to ensure the safety during the project execution process, the safety of the environment around our project sites and the safety of our workers on site, we strictly comply with the Production Safety Law of the People's Republic of China, the Regulations on Production Safety in Construction Projects, the Regulations on Work Safety Permits and the Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China and other relevant laws and regulations.

We strictly follow the laws and regulations such as the Building Construction Safety Inspection Standards and the Technical Standards for Temporary Use of Electricity at Construction Sites, and. in combination of the Procedures for Safety Management Control and the Procedures for Risk Source Identification, Risk Assessment and Risk Control within the Group, implement various safety measures in five aspects, including safety management objectives and organizational management objectives, safety management control during construction, safety management control during the use of leased equipment, safety accident handling and safety awareness enhancement. The Group will strictly explain the safety precautions to the on-site construction personnel every morning shift, and convey the awareness of safety risk prevention to the operators at all times. The Group has developed the Procedures for Emergency Preparedness and Response Control to ensure the health and safety of employees and workplaces in order to minimize risks and losses.

Steps and measures to ensure the health and safety of employees are as follows:

Steps	Measures
Step 1: Risk source identification	When undertaking projects and before construction, the Group appoints specialists to make risk source identification and sorting, make a summary and report to the Safety and Quality Department.
Step 2: Risk evaluation	The Group organizes relevant personnel to review risk sources, analyze the possibility of specific risk accidents and the severity of consequences, and determine the risk level; The Group makes field identification on unclear or doubtful sources, and enter them into the list of risk sources identified.
Step 3: Risk control measures	The Group develops occupational health and safety goals and management schemes; The Group develops emergency preparation and relating control procedures; The Group adopts preventive technical measures, like use of safety protection equipment, leakage protection devices, and warning signs; In the event dangers, hazards and unpreventable conditions cannot be eliminated, the Group may take measures to reduce dangers and hazards, such as local ventilation, temperature reduction measures, seismic mitigation measures and noise abatement devices.
Step 4: Risk control maintenance	The Safety and Quality Department will, based on the above List of Important Risk Sources and Risk Factors, examine and review the list and the application effects of risk evaluation methods; enhance safety awareness and capacity training as well as safety surveillance.

Environmental, Social and Governance Report

Case 1: June 2023 was the 22nd "Safe Production Month" of China. In order to promote safety and emergency management work of the Group, increase prevention and emergency disposal capacity, and further drive the progress of safety emergency management among entire employees, all of our subsidiaries and regional organizations conducted a series of "Safe Production Month" activities in June, and implemented "safety" into reality and daily work, to keep business safe, keep post safe and keep workers safe.

01. The Company carried out a full coverage hidden danger investigation and management activities on 4M1E (i.e. Manpower, Machine, Material, Method and Environment) involving the whole company and all employees

    In June 2023, in order to effectively ensure safe production during the Safe Production Month, effectively prevent all kinds of accidents, and prevent production safety accidents, the Company launched the "safety, fire, and environmental inspection" in the Safe Production Month, and arranged 7 inspection teams to investigate health risks in office areas, living areas and production areas; investigate fire risks in site production equipment, electrical power supply facilities, firefighting facilities; investigate hidden dangers in occupational disease prevention, environmental devices and facilities, and investigate the submissions of internal information on safety production standards;

02. The Company carried out an emergency rescue drill

    Around the theme "safety and emergency" of the Safe Production Month in 2023, in order to effectively improve the Company's accident emergency response capacity, the Company launched the "emergency drill for accidents falling from heights". Before the drill, the deputy manager of the Company's Safety, Quality and Environment Research Department introduced and explained the drill plan to the relevant participants.

Environmental, Social and Governance Report

03. The Company held a safety knowledge competition with participation of all employees

In order to further enhance employees' safety awareness and emergency response capacity, and accelerate the construction of corporate safety culture, the Company held the "Fourth Safety Knowledge Competition" in the shot blasting and paint spraying workshop.

04. The Company held a safety production training with participation of all employees

On 20 June 2023, in order to implement the spirits and requirements of the production activities in the Safe Production Month, combined with the planning and arrangement of the production activities of the month, the Company held the "safety production training with participation of all employees" to further enhance the safety awareness of employees, strengthen their safety knowledge "should know" and "should master" capabilities, and the enforcement of safety behaviors among employees.

05. The Company launched a safety production video warning education with participation of all employees

On 21 June 2023, in order to implement the spirits and requirements of the production activities in the Safe Production Month, further enhance employees' safety awareness, and reinforce the reverence for safety and the execution of actions, the Company held the "safety production video warning education with participation of all employees". Entire employees watched 7 educative videos, and had a deeper understanding of the importance of safety. Through such activity, every body talks about safety, every body ensures safety and every body understands safety.

Through a series of Safe Production Month activities, the Company reinforced employees' red line awareness, promoted corporate safety culture, realized corporate safety production, and ensured the core values of "Virtue, Safety and Excellence" of the Group.

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The Group also attaches great importance to the occupational health and safety of employees, and we provide an annual medical examination for employees to remind them to pay attention to their health conditions. We pay health-related insurance to employees on time, provide employees with medical protection, and distribute masks, disinfectant paper towels, helmets and other labor protection to employees during special periods.

The Group had no work-related fatalities in the past three years including the reporting period, with a work-related mortality rate of 0.0%. The number of days lost from work due to work-related injuries was 0 day. In the event of a safety incident, we will truthfully record and report the hidden danger, the investigation, as well as the corresponding results and rectification measures.

Development and Training

During the Reporting Period, we provided our employees with industrial training programs on corporate culture, financial management, anti-corruption, tower crane skills, safety theme and others. We provide new employees with induction training, and understand the functions and regulations of all departments, enabling employees to integrate the Group's life and work as soon as possible. We provide operators with pre-service safety education and training, machinery maintenance and supervision training, to improve the comprehensive quality of employees. We also provide health education and training to our employees, reminding them to pay attention to their own health while working. Internal employees also share their experiences to strengthen understanding between departments and broaden employees' working vision.

During the Reporting Period, for the purpose of improving the competitiveness of employees and promoting their long-term and sound career development, we cooperated with external third-party professional training organizations, erected a sound training system to provide a diversified learning platform for employees at different levels according to their career development goals, and accelerate the growth of the reserve workforce. Meanwhile, we actively encouraged our employees to take part in public training programs or workshops outside the Group, to improve their skills. We offered educational subsidies or tuition reimbursement for approved courses.

During the Reporting Period, 100% of the employees were trained with a total of 149,761.15 hours of training. The percentage of employees trained by gender and employment type and the average hours per employee to complete the training are set out below:

Training indicators	Unit	Fiscal Year 2024	Fiscal Year 2023
Number of employees trained by gender			
Female employees	person-time	189	452
Male employees	person-time	735	1,174
Number of employees trained by employment type			
Junior employees	person-time	731	1,413
Middle management	person-time	156	194
Senior management	person-time	37	19
Percentage of employees trained by gender			
Female employees	%	100	100
Male employees	%	100	100
Percentage of employees trained by employment type			
Junior employees	%	100	100
Middle management	%	100	100
Senior management	%	100	100
Average training hours completed per employee by gender			
Female employees	Hour	172	76
Male employees	Hour	159	90

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Training indicators	Unit	Fiscal Year 2024	Fiscal Year 2023
Average training hours completed per employee by employment type			
Average training hours completed per junior employee	Hour	167	85
Average training hours completed per middle-level employee	Hour	156	90
Average training hours completed per senior employee	Hour	74	79

Case 1: On 20 June 2023, in order to implement the spirits and requirements of the production activities in the Safe Production Month, combined with the planning and arrangement of the production activities of the month, the Company held the "safety production training with participation of all employees" to further enhance the safety awareness of employees, strengthen their safety knowledge "should know" and "should master" capabilities, and the enforcement of safety behaviors among employees. The Company also held the "safety production video warning education with participation of all employees" during which the general manager of the Company served as a lecturer, so as to further enhance employees' safety awareness, and reinforce the reverence for safety and the execution of actions.

Case 2: The Company invited electrical experts to give electrical maintenance personnel an on-site practical training on converter maintenance.

Case 3: In December 2023, the Group's management team visited Jushi Lianshui 233MW project in Jiangsu province, to observe and learn the hoisting of its first wind turbine. As a leading industry of China's carbon peaking and carbon neutrality, wind power equipment manufacturing industry is developing in "higher, heavier, and bigger" large scale direction, specially in middle, east China and in plains where wind energy resources are rich, however, in these regions, wind speed is low, wind resources are weak, so we have to install higher wind turbines, increase the height of tower barrel, to increase the power generation and improve wind farm revenue. In this background, hoisting and mounting equipment that enables heavier hoisting, higher hoisting more efficient heavy-duty transition and safer technical protection becomes necessary to the fast growth of China's wind power industry.

Case 4: In December 2023, China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. organized the tower crane firefighting drill and training of Songjiang G60 Innovation Corridor Phase 2 Rooftop Project, to increase tower crane operator's fire safety awareness and emergency response capacity, prevent and minimize the tower crane fire accidents.

Labor Standards

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

The Group has set up a Labor Union to supervise and protect the rights and benefits of employees. The Group strictly implements the system of rest on statutory holidays and protects the lawful rights and benefits of female employees during pregnancy, childbirth and lactation without forced labor in order to prevent forced labor. In case of forced labor, the employees can report such matter to the Labor Union. The Labor Union has the right to negotiate and make reasonable proposals on behalf of the employees and the Group.

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

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APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT INFORMATION

Environmental KPIs[1]	Unit	Fiscal Year 2024[2]	Fiscal Year 2023[3]
Emissions[4]			
Nitrogen oxides(NOx)	kg	3,372.77	2,950.87
Nitrogen oxides(NOx) emissions intensity per square metre	kg/square metre	0.014	0.022
Sulphur oxides (SOx)	kg	6.30	4.60
Sulphur oxides(SOx) emissions intensity per square metre	kg/square metre	0.000026	0.000035
Particulate matter(PM)	kg	312.89	261.49
Particulate matter(PM) emissions intensity per square metre	kg/square metre	0.0013	0.0020
Vehicles' fuel consumption			
Petrol	Litre	263,617.59	225,645.93
Petrol consumption per output value 10,000 yuan	Litre/RMB10,000	3.86	2.93
Greenhouse gas emissions			
Direct greenhouse gas emissions (Scope 1)	tonnes of carbon dioxide equivalent (CO2e)	1,119.20	826.78
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO2e	1,151.52	917.82
Total greenhouse gas emissions (Scope 1 and 2)	tonnes of CO2e	2,270.72	1744.60
Greenhouse gas emissions intensity per square metre (Scope 1 and 2)	tonnes of CO2e/square metre	0.009	0.013
Hazardous waste			
Total hazardous waste produced	No. of computer	16	34
	No. of battery	299	326
Hazardous waste intensity per employee	No. of computer/employee	0.02	0.03
	No. of battery/employee	0.41	0.24
Total hazardous waste produced	kg (waste engine oil)	2,130	1,390.00
	kg (paint residue)	10,350	2,200.00
	kg (blasting dust)	3,860	4,040.00
Hazardous waste produced per employee	kg (waste engine oil)/ employee	2.91	1.03
	kg (paint residue)/employee	14.14	1.63
	kg (blasting dust)/employee	5.27	2.99
Non-hazardous waste			
Total non-hazardous waste produced	kg	83,408.00	50,889.00
Non-hazardous waste intensity per employee	kg/employee	113.95	37.61
Paper			
Paper consumption	kg	10,566.90	9,643.70
Paper consumption intensity per employee	kg/employee	14.44	7.13
Energy usage			
Total electricity consumption	kWh	1,887,424.56	1,504,382.60
Electricity consumption intensity per square metre	kWh/square metre	7.85	11.31
Water consumption			
Total water consumption	Cubic metre	41,063.50	27,555.00
Water consumption intensity per square metre	Cubic metre/square metre	0.17	0.20

1 The disclosure scope of environmental KPIs includes all offices and subsidiaries of the Group

2 The presentation of figures is consistent with the previous year

3 The presentation of figures is consistent with the previous year

4 Emissions produced by vehicles

Environmental, Social and Governance Report

Social KPIs[5]	Unit	Fiscal Year 2024	Fiscal Year 2023
Total workforce	Person	732	1,353
Number of employees by gender			
Female	Person	136	360
Male	Person	596	993
Number of employees by employment type			
Full-time junior employees	Person	561	1,171
Full-time middle management	Person	134	166
Full-time senior management	Person	37	16
Number of employees by age group			
Employees under the age of 30	Person	147	334
Employees aged 30-50	Person	489	925
Employees aged over 50	Person	96	94
Number of employees by geographical region			
North China	Person	99	126
East China	Person	370	399
Central China	Person	30	45
Northwest China	Person	43	96
South China	Person	118	687
Southwest China	Person	72	0
Others (including Hong Kong, Macao and Taiwan)	Person	0	0
Employee turnover rate[6]			
Total turnover rate	%	20.8	16.8
Employee turnover rate by gender			
Turnover rate for female	%	28.0	20.4
Turnover rate for male	%	18.9	15.4
Employee turnover rate by age group			
Employees under the age of 30	%	26.5	17.7
Employees aged 30-50	%	20.1	17.0
Employees aged over 50	%	14.3	11.3
Employee turnover rate by geographical region			
North China	%	7.5	28.0
East China	%	19.2	21.6
Central China	%	11.8	40.0
Northwest China	%	31.7	17.2
South China	%	33.3	6.4
Southwest China	%	15.3	0.0
Others (including Hong Kong, Macao and Taiwan)	%	0.0	0.0

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

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

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Social KPIs[5]	Unit	Fiscal Year 2024	Fiscal Year 2023
Number of work-related fatalities and lost days due to work injury			
Number of work-related fatalities	Person	0	0
Lost days due to work injury	Day	0	92
Number of employees trained by gender[7]			
Female employees	Person-time	189	452
Male employees	Person-time	735	1,174
Number of employees trained by employment type			
Junior employees	Person-time	731	1,413
Middle management	Person-time	156	194
Senior management	Person-time	37	19
Average training hours completed per employee by gender			
Female employees	Hour	172	76
Male employees	Hour	159	90
Average training hours completed per employee by employment type			
Average training hours completed per junior employee	Hour	167	85
Average training hours completed per middle-level employee	Hour	156	90
Average training hours completed per senior employee	Hour	74	79
Percentage of employees trained[8]			
Percentage of total employees trained	%	100	100
Percentage of employees trained by gender[9]			
Percentage of female employees trained	%	100	100
Percentage of male employees trained	%	100	100
Percentage of employees trained by age group[8]			
Employees under the age of 30	%	100	100
Employees aged 30-50	%	100	100
Employees aged over 50	%	100	100
Percentage of employees trained by employment type[8]			
full-time junior employees	%	100	100
full-time medium management	%	100	100
full-time senior management	%	100	100

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

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

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

Environmental, Social and Governance Report

APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

KPIs			Relevant Chapter(s)
A. Environmental			
Aspect A1: Emissions	General Disclosure	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Environment
	KPI A1.1	The types of emissions and respective emissions data.	Emissions Appendix I: Summary of Sustainable Development Information
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, if applicable, intensity (e.g., per unit of production volume, per facility).	Emissions Appendix I: Summary of Sustainable Development Information
	KPI A1.3	Total hazardous waste produced (in tons) and, if applicable, intensity (e.g., per unit of production volume, per facility).	Waste Appendix I: Summary of Sustainable Development Information
	KPI A1.4	Total non-hazardous waste produced (in tons) and, if applicable, intensity (e.g., per unit of production volume, per facility).	Waste Appendix I: Summary of Sustainable Development Information
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
	KPI A1.6	Description of measures to handle hazardous and non-hazardous wastes, and description of reduction target(s) set and steps taken to achieve them.	Waste
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Use of Resources Appendix I: Summary of Sustainable Development Information
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Use of resources Appendix I: Summary of Sustainable Development Information
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources

Environmental, Social and Governance Report

KPIs			Relevant Chapter(s)
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The packaging material used for finished products is not applicable for our business
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Nature Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Nature Resources
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change
B. Social Employment and Labour Practices			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare:	Employment and Labour Practices
	KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Employment, Promotion and Dismissal Appendix I: Summary of Sustainable Development Information
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment, Promotion and Dismissal Appendix I: Summary of Sustainable Development Information

Environmental, Social and Governance Report

KPIs			Relevant Chapter(s)
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards:	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety Appendix I: Summary of Sustainable Development Information
	KPI B2.2	Lost days due to work injury.	Health and Safety Appendix I: Summary of Sustainable Development Information
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training Appendix I: Summary of Sustainable Development Information
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training Appendix I: Summary of Sustainable Development Information
Aspect B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour:	Labor Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier
	KPI B5.1	Number of suppliers by geographical region.	Supplier
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier

Environmental, Social and Governance Report

KPIs			Relevant Chapter(s)
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier
Aspect B6: Product Responsibility	General Disclosure	Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Health and Safety Control of Products and Services
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Complaints and Responses of Products and Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Maintenance and Protection of Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures.	Quality Control and Recycling of Products and Services
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Privacy and Information Security
Aspect B7: Anti-corruption	General Disclosure	Relating to bribery, extortion, fraud and money laundering: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and employees.	Anti-corruption
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	KPI B8.2	Resources contributed to the focus area (e.g. money or time).	Community Investment

Independent Auditor's Report

RSM

TO THE SHAREHOLDERS OF TAT HONG EQUIPMENT SERVICES CO., LTD.
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tat Hong Equipment Service Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 98 to 171, which comprise the consolidated statement of financial position as at 31 March 2024, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Revenue recognition of one-stop tower crane solution services

2. Impairment assessment of contract assets and trade receivables

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of one-stop tower crane solution services Refer to Note 4.20 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 RMB669,956,000 and RMB12,336,000 respectively for the year ended 31 March 2024. 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 4.22 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 2024, the Group recognised contract assets and trade receivables of RMB260,984,000 and RMB754,428,000 respectively and the loss allowance on contract assets and trade receivables is approximately RMB1,129,000 and RMB19,958,000, respectively. The Group recorded provision for net impairment loss on contract assets and trade receivables in the consolidated statements of comprehensive income of approximately RMB3,327,000 for the year ended 31 March 2024.

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; and
- 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.
- Comparing the bad debt written-off during the year with ECL allowance made in prior years.

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 HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

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.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

28 June 2024

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2024

	Note	Year ended 31 March 2024 RMB'000	2023 RMB'000
Revenue	8	**682,292**	770,752
Cost of sales	11	**(601,532)**	(597,521)
Gross profit		**80,760**	173,231
Selling and distribution expenses	11	**(15,033)**	(14,464)
General and administrative expenses	11	**(81,966)**	(90,976)
Research and development expenses	11	**(19,390)**	(29,688)
Provision for financial assets and contract assets		**(3,327)**	(4,413)
Other income	9	**2,789**	7,120
Other (losses)/gains, net	10	**(5,668)**	2,854
Operating (loss)/profit		**(41,835)**	43,664
Finance costs	12	**(64,520)**	(81,515)
Finance income	12	**948**	718
Loss before income tax		**(105,407)**	(37,133)
Income tax credit	13	**9,769**	1,320
Loss for the year		**(95,638)**	(35,813)
Loss for the year attributable to:			
Owners of the Company		**(95,638)**	(35,813)
Other comprehensive (loss)/income, net of tax			
Item that may be reclassified to profit or loss:			
Currency translation difference		**(556)**	10
Other comprehensive (loss)/income for the year, net of tax		**(556)**	10
Total comprehensive loss for the year, net of tax		**(96,194)**	(35,803)
Basic and diluted loss per share (RMB)	17	**(0.08)**	(0.03)

Consolidated Statement of Financial Position

At 31 March 2024

	Note	As at 31 March 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	**1,556,816**	1,651,070
Right-of-use assets	20	**101,193**	101,209
Intangible assets	21	**16,710**	21,176
Contract assets	7	**23,797**	66,549
Other non-current assets	22	**81,247**	60,594
Total non-current assets		**1,779,763**	1,900,598
Current assets			
Inventories	24	**44,464**	39,584
Contract assets	7	**236,058**	254,235
Trade receivables	25	**734,470**	631,071
Prepayments and other receivables	26	**128,324**	146,658
Financial assets at fair value through other comprehensive income	27	**15,574**	21,925
Restricted cash	28	**370**	3,423
Cash and cash equivalents	28	**138,938**	155,551
Total current assets		**1,298,198**	1,252,447
Total assets		**3,077,961**	3,153,045

Consolidated Statement of Financial Position

At 31 March 2024

	Note	As at 31 March 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	33	**612,405**	617,415
Lease liabilities	20	**58,306**	47,566
Deferred income tax liabilities	32	**57,805**	67,628
Provisions	36	**24,906**	33,906
Total non-current liabilities		**753,422**	766,515
Current liabilities			
Trade and bills payables	34	**327,771**	387,268
Contract liabilities	7	**2,531**	896
Other payables and accruals	35	**31,436**	37,234
Borrowings	33	**483,476**	363,845
Lease liabilities	20	**26,138**	38,092
Provisions	36	**31,762**	41,576
Total current liabilities		**903,114**	868,911
Total liabilities		**1,656,536**	1,635,426
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	29	**593,026**	593,026
Reserves	30	**514,374**	512,974
Retained earnings		**314,025**	411,619
Total equity		**1,421,425**	1,517,619
Total equity and liabilities		**3,077,961**	3,153,045

Approved by the board of directors and signed by the following directors:

Yau Kok San
Director

Lin Han-wei
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2024

	Attributable to owners of the Company						
	Share capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Statutory reserve** RMB'000	**Other reserves** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000
At 1 April 2022	593,026	198,353	243,605	49,814	29,073	455,962	1,569,833
Loss for the year	–	–	–	–	–	(35,813)	(35,813)
Other comprehensive income:							
– Currency translation difference	–	–	–	–	10	–	10
Total comprehensive income	–	–	–	–	10	(35,813)	(35,803)
Dividends (Note 16)	–	(16,411)	–	–	–	–	(16,411)
Statutory reserve	–	–	–	8,530	–	(8,530)	–
At 31 March 2023	593,026	181,942	243,605	58,344	29,083	411,619	1,517,619
At 1 April 2023	593,026	181,942	243,605	58,344	29,083	411,619	1,517,619
Loss for the year	–	–	–	–	–	(95,638)	(95,638)
Other comprehensive income:							
– Currency translation difference	–	–	–	–	(556)	–	(556)
Total comprehensive income	–	–	–	–	(556)	(95,638)	(96,194)
Statutory reserve	–	–	–	1,956	–	(1,956)	–
At 31 March 2024	**593,026**	**181,942**	**243,605**	**60,300**	**28,527**	**314,025**	**1,421,425**

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2024

	Note	Year ended 31 March 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	37	**145,305**	270,991
Interest received		**948**	718
Interest paid		**(56,730)**	(40,499)
Income taxes received		**1,147**	374
Net cash inflow from operating activities		**90,670**	231,584
Cash flows from investing activities			
Payments for property, plant and equipment		**(195,004)**	(484,917)
Payments for intangible assets		**–**	(118)
Proceeds from disposals of property, plant and equipment and right-of-use assets	37	**36,428**	20,805
Net cash outflow from investing activities		**(158,576)**	(464,230)
Cash flows from financing activities			
Proceeds from borrowings		**569,195**	773,420
Repayment of borrowings		**(456,589)**	(470,614)
Loans from a related party	39	**–**	24,662
Repayment of loans from a related party	39	**–**	(24,666)
Payments for lease liabilities	37	**(61,275)**	(38,300)
Dividend paid to the Company's shareholders	16	**–**	(45,498)
Net cash inflow from financing activities		**51,331**	219,004
Net decrease in cash and cash equivalents		**(16,575)**	(13,642)
Cash and cash equivalents at beginning of the year	28	**155,551**	169,858
Effects of exchange rate changes on cash and cash equivalents		**(38)**	(665)
Cash and cash equivalents at end of the year	28	**138,938**	155,551

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

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 28 June 2024.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs 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 HKFRSs 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 and net cash outflows for the years ended 31 March 2023 and 2024. As of 31 March 2024, the Group had approximately RMB139 million in bank and cash balances, while outstanding borrowings totaled approximately RMB1,096 million, with approximately RMB483 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 twenty months period;

(b) Management anticipate the Group will successfully negotiate with the banks to favorably revise certain covenants of bank borrowings prior to the end of the coming financial year, thereby enabling the Group to access stable bank loan facilities at the lowest possible cost;

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

2. BASIS OF PREPARATION *(Continued)*

(c) The Group had committed and undrawn short-term borrowing facilities of approximately RMB90 million and committed and undrawn long-term borrowing facilities of approximately RMB6 million as at the end of reporting period available to meet the operating requirements and foreseeable future capital investment requirements. After the reporting date, the Group had obtained additional short-term borrowing facilities and long-term borrowing facilities of RMB5 million and RMB128 million, respectively

(d) Management expect the Group will successfully arrange rolling-over of borrowing facilities with sufficient amounts for the Group's operating and capital investment needs; and

(e) The Directors have prepared a comprehensive cashflow forecast for the 18 months ending 30 September 2025 in order to estimate the Group's cash requirements, taking into consideration of a number of plans and measures:

- the Group will continue to optimise its customer base by focusing on infra-structure and nuclear power projects that have the potential to enhance the Group's overall operating cash flow;

- the Group will implement its business plan targeting to achieve its budgeted capacity utilisation rate and the desired average monthly service price for tower cranes per tonne metres;

- the Group will persist in implementing measures to expedite the collection of trade receivables; and

- the Group will proactively monitor and control operating costs, selling and distribution expenses and administrative expenses.

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Application of new and revised HKFRSs *(Continued)*

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

(b) Revised HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("**HK Int 5 (Revised)**")	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Revised HKFRSs in issue but not yet effective *(Continued)*

Except for the amendments to standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKRS 16 "Lease Liability in a Sale and Leaseback"

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 Leases is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Revised HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") *(Continued)*

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

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 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.1 Subsidiaries *(Continued)*

Business combination

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.1 Subsidiaries *(Continued)*

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 gains/(losses), net".

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

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 4.20 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.4 Property, plant and equipment *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial assets *(Continued)*

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.

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.

Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial assets *(Continued)*

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.

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

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

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

4.14 Borrowing costs

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

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

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

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.16 Current and deferred income tax

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

Current income tax

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

Deferred income tax

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

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

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

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

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.16 Current and deferred income tax *(Continued)*

Deferred income tax *(Continued)*

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

4.17 Employee benefits

Short-term obligations

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

Pension obligations

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

Housing funds, medical insurances and other social insurances

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

4.18 Share-based payments

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

4.19 Provisions

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.19 Provisions *(Continued)*

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.

4.20 Revenue recognition

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

One-stop tower crane solution services

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

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

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

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

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. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.21 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.

4.22 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.

4.23 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.23 Leases *(Continued)*

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

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

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

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

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

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

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.23 Leases *(Continued)*

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 4.20). 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.

4.24 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.

4.25 Dividend distribution

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

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5. CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)*

Revenue recognition *(Continued)*

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.

Impairment and useful lives of property, plant and equipment

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

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

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

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

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

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

5. CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)*

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 2024, 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 RMB30,000 (2023: RMB935,000) lower/higher.

As at 31 March 2024, 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 RMB43,000 (2023: RMB251,000) lower/higher.

As at 31 March 2024, 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 RMB1,909,000 (2023: RMB1,447,000) lower/higher.

Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

6.1 Financial risk factors *(Continued)*

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 2024, 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 RMB313,000 (2023: RMB174,000) 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.

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 2024

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 2024						
Trade receivables						
Gross carrying amount	**221,352**	**218,465**	**105,702**	**130,033**	**78,876**	**754,428**
Loss allowance	**(2,226)**	**(3,918)**	**(2,597)**	**(4,757)**	**(6,460)**	**(19,958)**
Expected loss rate	**0.07%-0.83%**	**0.58%-16.95%**	**1.15%-16.94%**	**1.05%-32.51%**	**1.35%-100%**	**0.81%-45.97%**
Contract assets – current and non-current						
Gross carrying amount	**260,984**	**–**	**–**	**–**	**–**	**260,984**
Loss allowance	**(1,129)**	**–**	**–**	**–**	**–**	**(1,129)**
Expected loss rate	**0.07%-0.83%**	**–**	**–**	**–**	**–**	**0.07%-0.83%**

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

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	
	2024	2023
	RMB'000	RMB'000
Contract assets		
At the beginning of the year	**1,484**	1,287
(Reversal of)/provision for impairment losses	**(355)**	197
At the end of the year	**1,129**	1,484
Trade receivables		
At the beginning of the year	**16,276**	11,882
Provision for impairment losses	**4,124**	4,216
Currency translation differences	**(442)**	178
At the end of the year	**19,958**	16,276

(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 2024 and 2023. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

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

As at 31 March 2024 and 2023, there was no significant increase in credit risk since initial recognition, the Group assessed that the expected credit losses for these receivables are not material through using the 12 months expected losses method.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

6.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

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

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

Liquidity risk

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

	Within 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**
As at 31 March 2024					
Borrowings	**483,476**	**174,941**	**437,464**	**–**	**1,095,881**
Trade and bills payables	**327,771**	**–**	**–**	**–**	**327,771**
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	**10,135**	**–**	**–**	**–**	**10,135**
Interest payables	**46,099**	**27,018**	**51,893**	**–**	**125,010**
Lease liabilities	**36,570**	**19,232**	**29,521**	**11,478**	**96,801**
	904,051	**221,191**	**518,878**	**11,478**	**1,655,598**

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

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 2024 and 2023 were as follows:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Net debt	**1,045,387**	911,817
Total equity	**1,421,425**	1,517,619
Total capital	**2,466,812**	2,429,436
The net debt to total capital ratio	**42%**	38%

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).

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 2024				
Assets				
Financial assets at fair value through other comprehensive income	**–**	**–**	**15,574**	**15,574**
As at 31 March 2023				
Assets				
Financial assets at fair value through other comprehensive income	–	–	21,925	21,925

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

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

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

Fair value As at 31 March		**Un-observable**	**Inputs (probability-weighted average) Year ended 31 March**	
2024	2023		**2024**	2023
RMB'000	RMB'000		**RMB'000**	RMB'000
15,574	21,925	Discount rates quoted in main state-owned banks	**4.61%**	2.96%

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

Increasing/decreasing the discount rates quoted in main state-owned banks by 0.5% would decrease/increase the fair values as at 31 March 2024 and 2023 by approximately RMB7,000/RMB7,000 and RMB75,000/RMB75,000, respectively.

Notes to the Consolidated Financial Statements
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7. SEGMENT INFORMATION

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

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

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

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Customer A	**101,492**	77,221
Customer B	**88,929**	101,318
Customer C	**79,472**	81,719
Total	**269,893**	260,258

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

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Contract assets		
Non-current	**23,997**	66,833
Loss allowance	**(200)**	(284)
	23,797	66,549
Current	**236,987**	255,435
Loss allowance	**(929)**	(1,200)
	236,058	254,235
Total contract assets	**259,855**	320,784

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	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**761**	3,332

(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	
	2024	2023
	RMB'000	RMB'000
One-stop tower crane solution services	**1,091,030**	589,030
Dry lease	**16,946**	13,778
	1,107,976	602,808

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB586,787,000 as of 31 March 2024 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB521,189,000 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	
	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
– Over the time		
One-stop tower crane solution services:		
– Operating Lease	**289,513**	385,331
– Hoisting Service	**380,443**	380,871
Dry lease	**12,336**	4,550
	682,292	770,752

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9. OTHER INCOME

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Value-added tax refund	**668**	3,852
Government grants	**621**	2,310
Others	**1,500**	958
	2,789	7,120

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)/GAINS, NET

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Exchange losses	**(38)**	(665)
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	**(5,630)**	3,519
	(5,668)	2,854

11. EXPENSES BY NATURE

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets (Notes 19 and 20)	**283,185**	283,271
Labour subcontracting cost	**228,190**	229,343
Employee benefit expenses (Note 14)	**88,517**	108,803
Rental expenses	**30,028**	22,342
Material fees	**16,990**	15,894
Travel expenses	**15,518**	15,183
Repair expenses	**4,295**	9,316
Commission expenses	**8,637**	8,314
Entertainment expenses	**5,625**	5,948
Professional fees	**4,728**	5,572
Amortisation of intangible assets (Note 21)	**4,466**	4,497
Office expenses	**5,947**	3,888
Transportation expenses	**2,397**	3,176
Auditor's remuneration	**2,981**	3,135
Others	**16,417**	13,967
	717,921	732,649

12. FINANCE COSTS AND INCOME

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Finance costs:		
Interest expenses on bank borrowings	**57,227**	41,509
Interest expenses on loans from a related party	**–**	372
Interest expenses on lease liabilities	**5,278**	3,142
Net exchange losses on foreign currency borrowings and loans from a related party	**2,015**	36,492
Total finance costs	**64,520**	81,515
Finance income:		
Interest income	**(948)**	(718)
Finance costs – net	**63,572**	80,797

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

13. INCOME TAX CREDIT

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Current tax on profits for the year	**54**	1,758
Deferred income tax	**(9,823)**	(3,078)
Income tax credit	**(9,769)**	(1,320)

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	
	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(105,407)**	(37,133)
Tax calculated at tax rates applicable to profits of the respective subsidiaries	**(21,027)**	(5,823)
Expenses not deductible for tax purposes	**694**	561
Temporary difference for which no deferred tax (liability)/asset was recognised	**(360)**	124
Tax losses for which no deferred tax asset was recognised	**14,184**	8,564
Utilisation of the tax losses unrecognized previously	**(728)**	(1,163)
Super deductions from research and development expenditures	**(2,532)**	(3,583)
Income tax credit	**(9,769)**	(1,320)

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

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

13. INCOME TAX CREDIT *(Continued)*

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

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

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

14. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**67,345**	84,855
Pension costs-defined contribution plans	**6,390**	8,052
Other social security and housing fund	**11,944**	10,268
Other employee benefits	**2,838**	5,628
	88,517	108,803

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

(a) Five highest paid individuals

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**5,425**	5,632
Discretionary bonuses	**3,798**	3,358
Pension costs-defined contribution plans	**428**	43
Other social security and housing fund	**80**	51
Other employee benefits	**–**	930
	9,731	10,014

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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 (2023: including two directors), within the following bands:

	Year ended 31 March	
	2024	2023
Nil to HKD1,000,000	**–**	–
HKD1,000,000 to HKD1,500,000	**1**	1
HKD1,500,000 to HKD2,000,000	**2**	2
HKD2,000,000 to HKD2,500,000	**1**	–
HKD2,500,000 to HKD3,000,000	**1**	–
HKD3,000,000 to HKD4,000,000	**–**	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 2024:

Name	Fees	Wages and salaries	Discretionary bonuses	Pension costs – defined contribution plans	Other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:						
Ng San Tiong	-	-	-	-	-	-
Executive directors:						
Yau Kok San (also Chief Executive Officer)	-	2,000	481	93	-	2,574
Lin Han-wei	-	2,000	376	-	-	2,376
Non-executive directors:						
Ng San Tiong (also Chairman)	180	-	-	-	-	180
Sun Zhaolin	96	-	-	-	-	96
Liu Xin	96	-	-	-	-	96
Guo Jinjun*	-	-	-	-	-	-
Independent non-executive director						
Pan I-shan	120	-	-	-	-	120
Wan Kum Tho	120	-	-	-	-	120
Huang Chao-Jen	120	-	-	-	-	120
Total	732	4,000	857	93	-	5,682

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 2023:

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	–	–	790	2,790
Lin Han-wei	–	2,000	1,350	–	130	3,480
Non-executive directors:						
Ng San Tiong (also Chairman)	180	–	–	–	–	180
Sun Zhaolin	96	–	–	–	–	96
Liu Xin	96	–	–	–	–	96
Guo Jinjun*	–	–	–	–	–	–
Independent non-executive director						
Pan I-shan	120	–	–	–	–	120
Wan Kum Tho	120	–	–	–	–	120
Huang Chao-Jen	120	–	–	–	–	120
Total	732	4,000	1,350	–	920	7,002

* Mr. Guo Jinjun has voluntarily waived director fee of RMB96,000 for the year ended 31 March 2024 and 2023.

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

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

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the years ended 31 March 2024 and 2023.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits for the years ended 31 March 2024 and 2023.

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

During the years ended 31 March 2024 and 2023, 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 39, 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 2024 and 2023.

(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 2024 and 2023.

16. DIVIDENDS

Pursuant to the resolution of the shareholders' meeting held on 28 September 2022, dividends of RMB16,411,000 were approved by the shareholders. All dividends have been paid in cash during the year ended 31 March 2023.

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Dividend payable at the beginning of the year	**–**	29,087
Declaration of dividends	**–**	16,411
Dividends paid	**–**	(45,498)
Dividends payable at the end of the year	**–**	–

Pursuant to the resolution of the shareholders' meeting held on 28 September 2022, dividends of RMB16,411,000 were approved by the shareholders. All dividends have been paid in cash during the year ended 31 March 2023.

On 28 June 2024, the directors resolved not to recommend payment of a final dividend in respect of the year ended 31 March 2024.

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	
	2024	2023
	RMB'000	RMB'000
Loss attributable to the ordinary equity holders of the Company	**(95,638)**	(35,813)
Weighted average number of ordinary shares in issue ('000)	**1,166,871**	1,166,871
Basic and diluted loss per share (RMB)	**(0.08)**	(0.03)

18. INVESTMENT IN SUBSIDIARIES

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Investment in unlisted shares	**909,293**	908,560

The following is a list of subsidiaries at 31 March 2024:

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
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

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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
Zhongjian Tat Hong	The PRC 4 July 2007	Limited liability company	USD13,000,000	42.31%	57.69%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Jiangsu Hengxingmao Financial Leasing Co., Ltd. ("**Hengxingmao**")	The PRC 14 July 2010	Limited liability company	USD27,300,000	63.37%	36.63%	Finance lease of construction machinery and equipment, in the PRC
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd. ("**Changzhou Tat Hong**")	The PRC 13 August 2013	Limited liability company	RMB20,000,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Tat Hong Belt Road Pte. Ltd.	Singapore 21 August 2017	Limited liability company	SGD10	100.00%	–	Installation, maintenance and leasing of construction machinery and equipment, in Singapore
Chongqing Tat Hong Machinery Construction Co., Ltd.	The PRC 15 November 2017	Limited liability company	RMB–	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd. ("**Ronghe Tat Hong**")	The PRC 9 January 2019	Limited liability company	USD5,000,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Guangdong Tat Hong Machinery Construction Co., Ltd.	The PRC 20 February 2023	Limited liability company	RMB–	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Tat Hong Equipment (HK) Limited	Hong Kong 18 May 2023	Limited liability company	HKD800,000	100%	–	Installation, maintenance and leasing of construction machinery and equipment, in Hong Kong

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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 2022 and 1 April 2022							
Cost	15,580	2,324,080	12,369	10,426	15,239	8,997	2,386,691
Accumulated depreciation	(1,283)	(803,302)	(5,957)	(5,678)	(10,009)	–	(826,229)
Net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462
Year ended 31 March 2023							
Opening net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462
Additions	19,533	347,399	844	1,864	1,478	14,884	386,002
Disposals	–	(54,890)	(45)	(13)	–	–	(54,948)
Depreciation	(949)	(234,832)	(1,719)	(1,433)	(1,513)	–	(240,446)
Transfer	–	3,107	–	–	–	(3,107)	–
Net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070
As at 31 March 2023							
Cost	35,112	2,459,608	12,795	12,182	16,716	20,774	2,557,187
Accumulated depreciation	(2,231)	(878,046)	(7,303)	(7,016)	(11,521)	–	(906,117)
Net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070
Year ended 31 March 2024							
Opening net book amount	32,881	1,581,562	5,492	5,166	5,195	20,774	1,651,070
Additions	4,337	163,711	180	1,077	2,125	4,760	176,190
Disposals	(15,704)	(26,101)	(166)	(87)	–	–	(42,058)
Depreciation	(1,687)	(222,330)	(1,565)	(1,319)	(1,485)	–	(228,386)
Transfer	15,669	5,955	–	25	–	(21,649)	–
Net book amount	35,496	1,502,797	3,941	4,862	5,835	3,885	1,556,816
As at 31 March 2024							
Cost	38,610	2,477,061	11,631	12,660	18,841	3,885	2,562,688
Accumulated depreciation	(3,114)	(974,264)	(7,690)	(7,798)	(13,006)	–	(1,005,872)
Net book amount	35,496	1,502,797	3,941	4,862	5,835	3,885	1,556,816

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For the Year Ended 31 March 2024

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

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**224,382**	230,192
General and administrative expenses	**3,481**	8,906
Research and development expenses	**523**	1,346
Selling and distribution expenses	**–**	2
	228,386	240,446

As at 31 March 2024, the Group pledged machineries with carrying amount of approximately RMB966,710,000 (2023: RMB962,253,000) for the bank borrowings and other borrowings of the Group (Note 33).

As at 31 March 2024, the Group pledged buildings with carrying amount of approximately RMB4,962,000 (2023: RMB5,038,000) for the bank borrowings of the Group (Note 33).

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	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Land-use rights	**11,942**	12,354
Machinery	**56,955**	50,970
Office	**10,615**	11,474
Warehouse	**20,609**	24,303
Others	**1,072**	2,108
	101,193	101,209
Lease liabilities		
Current	**26,138**	38,092
Non-current	**58,306**	47,566
	84,444	85,658

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 2024 were RMB60,337,000 (2023: RMB92,000).

As at 31 March 2024, the lease liabilities of RMB18,869,000 were secured by the pledge of the machinery with the carrying value of RMB16,399,000. As at 31 March 2023, no lease liabilities were secured by the pledge of machinery.

As at 31 March 2024, the land-use rights with carrying value of approximately RMB11,942,000 (2023: RMB12,353,000) were secured for the bank borrowings of the Group (Note 33).

(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	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	**412**	425
Machinery	**42,870**	29,358
Office	**5,494**	6,740
Warehouse	**4,956**	4,701
Others	**1,067**	1,601
	54,799	42,825
Interest expense (included in finance costs)	**5,278**	3,142

The total cash outflow for leases of the year ended 31 March 2024 were RMB76,838,000 (2023: RMB60,642,000).

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For the Year Ended 31 March 2024

21. INTANGIBLE ASSETS

	Software	Patent	Total
	RMB'000	RMB'000	RMB'000
As at 31 March 2022 and 1 April 2022			
Cost	9,798	36,654	46,452
Accumulated amortisation	(5,417)	(15,466)	(20,883)
Net book amount	4,381	21,188	25,569
Year ended 31 March 2023			
Opening net book amount	4,381	21,188	25,569
Additions	104	–	104
Amortisation charge (Note 11)	(803)	(3,694)	(4,497)
Net book amount	3,682	17,494	21,176
As at 31 March 2023			
Cost	9,902	36,654	46,556
Accumulated amortisation	(6,220)	(19,160)	(25,380)
Net book amount	3,682	17,494	21,176
Year ended 31 March 2024			
Opening net book amount	**3,682**	**17,494**	**21,176**
Amortisation charge (Note 11)	**(802)**	**(3,664)**	**(4,466)**
Net book amount	**2,880**	**13,830**	**16,710**
As at 31 March 2024			
Cost	**9,902**	**36,654**	**46,556**
Accumulated amortisation	**(7,022)**	**(22,824)**	**(29,846)**
Net book amount	**2,880**	**13,830**	**16,710**

21. INTANGIBLE ASSETS *(Continued)*

Amortisation of the intangible assets has been recognised as follows:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**3,842**	4,238
General and administrative expenses	**624**	259
	4,466	4,497

22. OTHER NON-CURRENT ASSETS

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Prepayments for non-current assets (Note 26)	**51,472**	27,726
Deposits	**24,458**	27,621
Others	**5,317**	5,247
	81,247	60,594

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23. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	**15,574**	21,925
Financial assets at amortised cost:		
Other non-current assets	**5,317**	5,247
Trade receivables	**734,470**	631,071
Other receivables	**57,313**	59,508
Restricted cash (Note 28)	**370**	3,423
Cash and cash equivalents (Note 28)	**138,938**	155,551
	936,408	854,800
	951,982	876,725

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**327,771**	387,268
Other payables and accruals (excluding other tax payables, payroll and welfare payables)	**14,505**	16,334
Borrowings	**1,095,881**	981,260
Lease liabilities	**84,444**	85,658
	1,522,601	1,470,520

24. INVENTORIES

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Accessories	**44,464**	39,584

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB16,990,000 for the year ended 31 March 2024 (2023: RMB15,894,000).

25. TRADE RECEIVABLES

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Accounts receivables	**754,428**	647,347
Less: provision for impairment	**(19,958)**	(16,276)
	734,470	631,071

The majority of the Group's receivables are with credit terms from 30 days to 90 days. At 31 March 2024 and 2023, the aging analysis of the trade receivables, based on invoice date were as follows:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Within credit term	**221,352**	186,923
Less than 180 days past due	**218,465**	220,259
181 days to 365 days past due	**105,702**	98,976
1 to 2 years past due	**130,033**	79,226
More than 2 years past due	**78,876**	61,963
	754,428	647,347

For the trade receivables, the Group has assessed the expected credit losses by considering historical default rates, existing market conditions and forward-looking information. Based on the assessment, the creation and reversal for impaired receivables have been included in the net impairment losses on financial assets. Amounts charged to allowance account are written off when there is no expectation of receiving the receivables.

As at 31 March 2024, the Group pledged accounts receivable with carrying amount of approximately RMB233,124,000 (2023: RMB179,542,000) for the bank borrowings of the Group (Note 33).

The Group's trade receivables were denominated in RMB.

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26. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Recoverable value-added tax ("**VAT**")	**51,444**	66,733
Prepayments to vendors	**63,158**	36,913
Receivables for disposal of property, plant and equipment	**20,728**	32,478
Staff and vendors advances	**29,966**	19,684
Prepaid expenses	**6,212**	8,297
Insurance claim receivables	**4,012**	3,767
Prepayments to related parties (Note 39)	**–**	2,812
Receivables for labour costs	**1,887**	2,791
Amounts due from related parties (Note 39)	**720**	788
Others	**1,669**	121
	179,796	174,384
Less: prepayments for non-current assets (Note 22)	**(51,472)**	(27,726)
	128,324	146,658

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	
	2024	2023
	RMB'000	RMB'000
Commercial acceptance notes	**13,580**	20,113
Bank acceptance notes	**1,994**	1,812
	15,574	21,925

As at 31 March 2024, the commercial acceptance bill with carrying value of RMB Nil (2023: RMB588,400) have been pledged for the bank borrowings of the Group (Note 33).

28. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Cash and cash balances	**139,308**	158,974
Less: Restricted cash (i)	**(370)**	(3,423)
	138,938	155,551

Cash and bank balances are denominated in the following currencies:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
RMB	**138,308**	157,162
HKD	**758**	1,633
USD	**124**	122
SGD	**118**	57
	139,308	158,974

(i) The restricted cash represents the following balances:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Deposits for borrowing (Note 33)	**370**	3,200
Restricted cash for litigation	**–**	223
	370	3,423

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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 2023 and 2024 (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 2024 and 2023 comprised of share premium, capital reserve, statutory reserve and other reserve.

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

Capital reserve comprised of merger reserve arising from the combination of Tat Hong Equipment (China) Pte. Ltd. ("**THEC**")'s subsidiaries in 2015.

As stipulated by the relevant PRC laws and regulations applicable to the Company's subsidiaries established and operated in the PRC, the subsidiaries are required to make appropriation from profit after tax (after offsetting prior years' losses) to statutory reserve. The PRC entities are required to transfer at least 10% of its net profit as determined under the PRC accounting rules and regulations, to their statutory reserve. The appropriations to the statutory reserve are required until the balance reaches 50% of the subsidiaries' registered capital. The statutory reserve can be utilised to offset prior year losses. The Company's PRC subsidiaries are restricted in their ability to transfer a portion of their reserve either in the form of dividends, loans or advances.

Other reserves consist of translation reserves and shares granted and vested under Share Award Schemes (Note 31).

31. SHARE-BASED PAYMENTS

Share Award Scheme

Pursuant to the directors' resolution dated on 25 March 2022 of TH Straits 2015 Pte. Ltd. ("**TH15**"), one of the shareholders of the Company, an aggregate of 30,664,491 shares of the Company's existing ordinary shares held by TH15 have been awarded to senior managements of the Group for no cash consideration.

The shares are recognised at the closing share price on the grant date as part of employee benefit costs during the year the shares are granted.

32. DEFERRED INCOME TAX

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

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Deferred income tax assets:		
to be recovered within 12 months	**17,095**	24,866
to be recovered after more than 12 months	**3,684**	9,060
Total deferred tax assets	**20,779**	33,926
Set-off with deferred tax liabilities	**(20,779)**	(33,926)
Net deferred income tax assets	**–**	–

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Deferred income tax liabilities:		
to be recovered within 12 months	**30,230**	23,923
to be recovered after more than 12 months	**48,354**	77,631
Total deferred tax liabilities	**78,584**	101,554
Set-off with deferred tax assets	**(20,779)**	(33,926)
Net deferred income tax liabilities	**57,805**	67,628

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32. 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 2022	11,508	1,897	9,455	2,588	–	–	25,448
Recognised in the profit or loss	917	792	5,089	(334)	198	1,816	8,478
At 31 March 2023	12,425	2,689	14,544	2,254	198	1,816	33,926
Recognised in the profit or loss	(10,993)	(1,177)	(11,976)	(2)	1,094	9,907	(13,147)
At 31 March 2024	1,432	1,512	2,568	2,252	1,292	11,723	20,779

	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 2022	(81,677)	(7,616)	(2,234)	(4,627)	(96,154)
Recognised in the profit or loss	2,823	(4,884)	(3,339)	–	(5,400)
At 31 March 2023	(78,854)	(12,500)	(5,573)	(4,627)	(101,554)
Recognised in the profit or loss	7,388	9,814	5,544	224	22,970
At 31 March 2024	(71,466)	(2,686)	(29)	(4,403)	(78,584)

32. 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	
	2024	2023
	RMB'000	RMB'000
Tax losses expiring within 1 year	**6,520**	3,672
Tax losses expiring between 1-2 years	**9,634**	6,579
Tax losses expiring between 2-3 years	**12,467**	13,860
Tax losses expiring between 3-4 years	**34,503**	12,467
Tax losses expiring between 4-5 years	**47,458**	34,503
	110,582	71,081

Unrecognised temporary differences are as follows:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Temporary difference for which no deferred tax (liability)/asset was recognised:		
– Capitalised cost	**(1,440)**	1,716
Unrecognised deferred tax (liability)/asset relating to the above temporary difference	**(360)**	429
Temporary difference for which no deferred tax liability was recognised:		
– Withholding tax for distributable retained profits of the Company's subsidiaries in the PRC	**115,716**	221,057
Unrecognised deferred tax liability relating to the above temporary difference	**11,572**	22,106

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

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

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33. BORROWINGS

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Non-current		
Bank borrowings – Secured	**514,903**	598,830
Bank borrowings – Unsecured	**3,414**	–
Other borrowings	**94,088**	18,585
	612,405	617,415
Current		
Bank borrowings – Secured	**395,232**	316,980
Bank borrowings – Unsecured	**42,290**	36,162
Other borrowings	**45,954**	10,703
	483,476	363,845
Total borrowings	**1,095,881**	981,260

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

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**483,476**	363,845
Between 1 and 2 years	**174,941**	134,372
Between 2 and 5 years	**437,464**	483,043
	1,095,881	981,260

33. BORROWINGS *(Continued)*

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

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
RMB	**1,053,386**	926,784
HKD	**42,495**	30,569
SGD	**–**	18,764
USD	**–**	5,143
	1,095,881	981,260

The weighted average effective interest rates per annum for the years ended 31 March 2024 and 2023 were as follows:

	Year ended 31 March	
	2024	2023
SGD	**–**	4.8%
RMB	**5.0%**	4.6%
USD	**–**	4.0%
HKD	**6.4%**	1.7%

The fair values of the borrowings of the Group approximate to their carrying amounts, since either the interest rates of those borrowings are close to current market rates or the borrowings are of a short-term nature.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

33. BORROWINGS *(Continued)*

Secured borrowings are pledged or guaranteed by the followings (Note 18, Note 19, Note 20, Note 25 and Note 27):

(i) As at 31 March 2024, the syndicated bank borrowings of RMB195,462,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Hengxingmao and the Company, and secured by the pledge of machinery with carrying value of RMB174,275,000.

The borrowings of RMB35,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB10,000,000 were guaranteed by Tat Hong Zhaomao and one of the senior management. Tat Hong Zhaomao had entered into agreements with the senior management, pursuant to which Tat Hong Zhaomao agreed to compensate them for any loss incurred by them in relation to the guarantee provided.

The borrowings of RMB164,536,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB217,630,000.

The borrowings of RMB30,500,000 were guaranteed by Tat Hong Zhaomao, a wholly owned subsidiary, and secured by the land-use rights with carrying value of RMB11,942,000 and the buildings with carrying value of RMB4,962,000.

The borrowings of RMB6,573,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB17,385,0000.

The borrowings of RMB24,813,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB52,080,000.

The borrowings of RMB69,238,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB111,031,000.

The borrowings of RMB139,732,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB196,364,000.

The borrowings of RMB35,240,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB39,196,000.

The borrowings of RMB55,146,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and Hengxingmao, and secured by the pledge of machinery with carrying value of RMB68,093,000.

33. BORROWINGS *(Continued)*

(i) *(Continued)*

The borrowings of RMB18,948,000 were guaranteed by Tat Hong Zhaomao.

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

The borrowings of RMB93,448,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB124,182,000.

The borrowings of RMB10,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB13,912,000.

The borrowings of RMB1,500,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB1,582,000.

The borrowings of RMB3,367,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB5,355,000.

The borrowings of RMB8,241,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, and Hengxingmao, and secured by the pledge of machinery with carrying value of RMB13,466,000.

The borrowings of RMB115,077,000 were guaranteed by certain subsidiaries, including Zhongjian Tat Hong, Changzhou Tat Hong and Tat Hong Zhaomao, and secured by the pledge of machinery with carrying value of RMB145,230,000.

The borrowings of RMB3,356,000 were guaranteed by Tat Hong Zhaomao Investment Group Co., Ltd., and secured by the pledge of machinery with carrying value of RMB20,053,000.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

33. BORROWINGS *(Continued)*

(ii) As at 31 March 2023, the syndicated bank borrowings of RMB221,151,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and the Company, and secured by the pledge of machinery with carrying value of RMB241,007,000.

The borrowings of RMB35,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB10,000,000 were guaranteed by Tat Hong Zhaomao and one of the senior management. Tat Hong Zhaomao had entered into agreements with the senior management, pursuant to which Tat Hong Zhaomao agreed to compensate them for any loss incurred by them in relation to the guarantee provided.

The borrowings of RMB2,650,000 were guaranteed by the Company, and secured by the commercial acceptance bill with carrying value of RMB588,400 and deposits of RMB3,200,000.

The borrowings of RMB136,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB179,542,000.

The borrowings of RMB5,000,000 were guaranteed by an external third party, Jiangsu Huajian Financing Guarantee Co., Ltd. Ronghe Tat Hong pledged tower cranes and spare parts with carrying value of RMB10,653,000 to the external third party for full counter-guarantee.

The borrowings of RMB32,500,000 were guaranteed by Tat Hong Zhaomao, a wholly owned subsidiary, and secured by the land-use rights with carrying value of RMB12,353,000 and the buildings with carrying value of RMB5,038,000.

The borrowings of RMB10,863,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB23,277,000.

The borrowings of RMB34,663,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB57,328,000.

The borrowings of RMB18,764,000 were guaranteed by the Company and standby letter of credit from Standard Chartered Bank (Singapore) Limited, and secured by the pledge of machinery with carrying value of RMB53,885,000.

The borrowings of RMB88,952,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB129,144,000.

The borrowings of RMB156,402,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB227,607,000.

33. BORROWINGS *(Continued)*

(ii) *(Continued)*

The borrowings of RMB69,900,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB107,945,000.

The borrowings of RMB62,498,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and Hengxingmao, and secured by the pledge of machinery with carrying value of RMB71,260,000.

The borrowings of RMB3,000,000 were fully guaranteed by Shanghai Administration center of Policy Financing Guarantee Funds for SMEs (government agency) and Huaxing Tat Hong.

The borrowings of RMB28,466,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB6,486,000 were guaranteed by Tat Hong Zhaomao, and secured by the pledge of machinery with carrying value of RMB6,267,000.

The borrowings of RMB22,803,000 were guaranteed by certain subsidiaries, including Zhongjian Tat Hong, Changzhou Tat Hong and Tat Hong Zhaomao, and secured by the pledge of machinery with carrying value of RMB33,880,000.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

34. TRADE AND BILLS PAYABLES

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Accounts payable	**290,801**	344,296
Bills payable	**36,970**	42,972
	327,771	387,268

As at 31 March 2024 and 2023, 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	
	2024	2023
	RMB'000	RMB'000
Within 3 months	**116,143**	102,443
Between 3 months and 1 year	**114,223**	203,526
Between 1 year and 2 years	**50,623**	35,777
Between 2 years and 3 years	**6,840**	1,296
Between 3 years and 5 years	**821**	768
Over 5 years	**2,151**	486
	290,801	344,296

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

As at 31 March 2024 and 2023, the aging of bills payable was within one year.

35. OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Current		
Payroll and welfare payables	**11,180**	11,709
Other taxes payable	**5,751**	9,191
Accrued expenses	**5,922**	5,837
Interest payables	**4,370**	3,873
Others	**4,213**	6,624
	31,436	37,234

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

36. PROVISIONS

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Non-current		
Decommissioning liabilities	**24,906**	33,906
Current		
Decommissioning liabilities	**31,762**	41,576

The movement of the provisions is as follows:

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**75,482**	62,582
Provisions for decommissioning liabilities	**68,413**	102,643
Incurred and charged against the provision	**(87,227)**	(89,743)
At the end of the year	**56,668**	75,482

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

37. CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(105,407)**	(37,133)
Adjustment for:		
Depreciation of property, plant, and equipment and right-of-use assets and amortisation of intangible asset	**287,651**	287,768
Losses/(gains) on disposal of property, plant and equipment and right-of-use assets	**5,630**	(3,519)
Finance costs – net	**63,572**	80,797
Provision for impairment losses of financial assets and contract assets	**3,327**	4,413
Net exchange differences	**38**	665
Operating profit before changes in working capital	**254,811**	332,991
Changes in working capital:		
Decrease/(increase) in restricted cash	**3,053**	(3,423)
Increase in inventories	**(4,880)**	(5,771)
Decrease/(increase) in contract assets	**60,929**	(8,541)
Increase in trade receivables	**(106,726)**	(98,869)
Decrease in financial assets at fair value through other comprehensive income	**6,351**	3,438
Increase in other operating assets	**(4,076)**	(13,552)
(Decrease)/increase in trade and bills payables	**(59,497)**	25,515
Increase/(decrease) in contract liabilities	**1,635**	(11,324)
(Decrease)/increase in other operating liabilities	**(6,295)**	50,527
Cash generated from operations	**145,305**	270,991

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

37. 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	
	2024	2023
	RMB'000	RMB'000
Net book amount	**47,612**	57,491
Gains/(losses) on disposal of property, plant and equipment and right-of-use assets	**(5,630)**	3,519
Receivable for disposal of property, plant and equipment	**(5,554)**	(40,205)
Proceeds from disposals of property, plant and equipment and right-of-use assets	**36,428**	20,805

(b) Significant non-cash investing activities

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Acquisitions of prepayments for non-current assets with settlement of trade receivables	**–**	26,063
Acquisitions of property, plant and equipment with settlement of trade receivables	**58,748**	19,712
Total	**58,748**	45,775

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

37. CASH FLOW INFORMATION *(Continued)*

(c) Net debt reconciliation

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Cash and bank balances	**139,308**	158,974
Borrowings and interest payables	**(1,100,251)**	(985,133)
Lease liabilities	**(84,444)**	(85,658)
Net debt	**(1,045,387)**	(911,817)

	Cash and bank balances	**Borrowings and interest payables**	**Lease liabilities**	**Loans from a related party**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 31 March 2022	169,858	(644,457)	(58,728)	–	(533,327)
Cash flows	(10,219)	(262,307)	38,300	4	(234,222)
Acquisitions	–	–	(62,088)	–	(62,088)
Interest accrued	–	(41,509)	(3,142)	(372)	(45,023)
Foreign exchange adjustments	(665)	(36,860)	–	368	(37,157)
Net debt as at 31 March 2023	158,974	(985,133)	(85,658)	–	(911,817)
Cash flows	(19,628)	(55,876)	61,275	–	(14,229)
Acquisitions	–	–	(54,783)	–	(54,783)
Interest accrued	–	(57,227)	(5,278)	–	(62,505)
Foreign exchange adjustments	(38)	(2,015)	–	–	(2,053)
Net debt as at 31 March 2024	139,308	(1,100,251)	(84,444)	–	(1,045,387)

38. COMMITMENTS

(i) Capital commitments

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

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	**3,060**	19,053

(ii) Lease commitments

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

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
No later than 1 year	**7,636**	9,192

39. 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 2024

39. 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	
	2024	2023
	RMB'000	RMB'000
Controlled by Yongmao	**11,396**	45,467

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

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Controlled by Yongmao	**3,412**	60

(iii) Rental expenses for short-term leases

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Controlled by Yongmao	**8,723**	5,334
Under common control by THH	**133**	31
	8,856	5,365

39. RELATED PARTY TRANSACTIONS *(Continued)*

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

(iv) Addition of right-of-use assets

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Controlled by Yongmao	**–**	4,306

(v) Loans from a related party

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Parent company	**–**	24,662

(vi) Repayment of loans from a related party

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Parent company	**–**	24,666

(vii) Interest expenses

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Loans from a related party		
– Parent company	**–**	372

(viii) Professional fee to related parties

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Under common control by THH	**62**	–

Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2024

39. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Terms and conditions

Transactions conducted with related parties were based on terms mutually agreed with related parties.

The weighted average interest rate per annum on the loans from a related party was 4.09% for the year ended 31 March 2023 respectively. The loans from a related party were fully settled during the year ended 31 March 2023.

(d) Balances with related parties

(i) Receivables from related parties

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Trade		
Accounts receivable		
– Controlled by Yongmao	**7,350**	319
Other receivables		
– Controlled by Yongmao (Note 26)	**720**	788

(ii) Prepayments to related parties

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Trade		
Controlled by Yongmao (Note 26)	**–**	2,812

(iii) Right-of-use assets

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Controlled by Yongmao	**1,217**	2,414

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

39. RELATED PARTY TRANSACTIONS *(Continued)*

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

(iv) Payables to related parties

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Trade		
Accounts payable		
– Controlled by Yongmao	**30,074**	15,445
– Under common control by THH	**400**	133
	30,474	15,578
Bills payable		
– Controlled by Yongmao	**1,994**	14,277

(v) Lease liabilities

	As at 31 March	
	2024	2023
	RMB'000	RMB'000
Lease liabilities		
Controlled by Yongmao	**220**	2,955

(e) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Salaries, bonus and other welfare	**11,218**	11,618

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 2024 and 2023.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 March 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Prepayments and other receivables		**2,768**	74,060
Investment in subsidiaries	18	**909,293**	908,560
		912,061	982,620
Current asset			
Prepayments and other receivables		**326,270**	284,825
Cash and cash equivalents		**92,390**	97,256
		418,660	382,081
Total assets		**1,330,721**	1,364,701
LIABILITIES			
Non-current liabilities			
Borrowings		**201,528**	228,222
		201,528	228,222
Current liabilities			
Other payables and accruals		**4,541**	2,404
Borrowings		**69,189**	65,820
		73,730	68,224
Total liabilities		**275,258**	296,446
EQUITY			
Share capital		**593,026**	593,026
Share premium and other reserves (Note)		**585,930**	585,930
Accumulated losses (Note)		**(123,493)**	(110,701)
Total equity		**1,055,463**	1,068,255
Total equity and liabilities		**1,330,721**	1,364,701

Approved by the Board of Directors on 28 June 2024 and are signed on its behalf by:

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

40. 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 2022	602,341	(84,569)	517,772
Loss for the year	–	(26,132)	(26,132)
Dividends (Note 16)	(16,411)	–	(16,411)
At 31 March 2023	585,930	(110,701)	475,229
At 1 April 2023	585,930	(110,701)	475,229
Loss for the year	–	(12,792)	(12,792)
At 31 March 2024	585,930	(123,493)	462,437

41. SUBSEQUENT EVENT

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

On 3 April 2024, the Company has launched the first issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 5.6% per annum and matures approximately three (3) months from the date of issuance (the "**3-month SGD Series 001 Issuance**"). On 23 April 2024, the Company raised approximately SGD5 million through the SDAX Platform.

Five Years Financial Summary

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and the Prospectus, is set out below:

RESULTS

	For the year ended 31 March				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**682,292**	770,752	867,020	792,959	744,921
Gross profit	**80,760**	173,231	234,139	273,283	253,238
(Losses)/Profit before income tax	**(105,407)**	(37,133)	45,870	135,909	111,208
Income tax credit/(expenses)	**9,769**	1,320	1,765	(34,674)	(34,749)
(Losses)/Profit for the year	**(95,638)**	(35,813)	47,635	101,235	76,459

ASSET AND LIABILITIES

	As at 31 March				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**1,779,763**	1,900,598	1,726,040	1,340,719	1,311,292
Current assets	**1,298,198**	1,252,447	1,192,594	1,141,021	731,210
Total assets	**3,077,961**	3,153,045	2,918,634	2,481,740	2,042,502
Equity and liabilities					
Total equity	**1,421,425**	1,517,619	1,569,833	1,550,929	1,049,627
Non-current liabilities	**753,422**	766,515	608,098	498,680	646,239
Current liabilities	**903,114**	868,911	740,703	432,131	346,636
Total liabilities	**1,656,536**	1,635,426	1,348,801	930,811	992,875
Total equity and liabilities	**3,077,961**	3,153,045	2,918,634	2,481,740	2,042,502