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

(incorporated in the Cayman Islands with limited liability)
Stock Code : 02153

ANNUAL REPORT
2021

* *For identification purpose only*

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

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. Chan Tsz Yu

AUTHORISED REPRESENTATIVES

Mr. Yau Kok San
Ms. Chan Tsz Yu

COMPLIANCE ADVISER

Fortune Financial Capital Limited
4102–6, 41/F, COSCO Tower
183 Queen's Road Central
Hong Kong

LEGAL ADVISER

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

AUDITOR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL PLACE OF BUSINESS IN CHINA

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

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

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

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

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

COMPANY'S WEBSITE

www.tathongchina.com

STOCK CODE

2153

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Tat Hong Equipment Service Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to you this annual report of the Group for the year ended 31 March 2021.

Despite the challenges from the COVID-19 pandemic, the year had presented us with distinctive challenges as well as market opportunities in China. Apart from growing its business steadily, the Group is able to make a historical breakthrough with profits reaching hundredth million RMB. The Company is well positioned for achieving long term growth boasting a strengthened balance sheet since going public.

FINANCIAL PERFORMANCE

The revenue of the Group increased from approximately RMB744.9 million for the year ended 31 March 2020 to approximately RMB793.0 million for the year ended 31 March 2021, an increase of approximately 6.4%. The increase was mainly attributable to the Group having more own and rented tower cranes, most of which were working on-site and generating revenue during the year. Our total tonne metres (TM) in use increased from 2,284,596 for the year ended 31 March 2020 to 2,491,629 for the year ended 31 March 2021.

The Group's gross profit increased from approximately RMB253.2 million for the year ended 31 March 2020 to approximately RMB273.3 million for the year ended 31 March 2021, representing a year-on-year growth of approximately 7.9%. Correspondingly, the profit for the year increased from approximately RMB76.5 million for the year ended 31 March 2020 to approximately RMB101.2 million for the year ended 31 March 2021, representing a leap of approximately 32.4%.

For the year ended 31 March 2021, gross profit margin and net profit margin of the Group was approximately 34.5% and 12.8%, respectively.

PROSPECTS

We recognised revenue of approximately RMB793.0 million for the year ended 31 March 2021 as compared to approximately RMB744.9 million the previous year. As at 31 March 2021, we had 258 projects in progress with a total outstanding contract value of approximately RMB587.2 million and 60 projects on hand of total expected contract value at approximately RMB164.3 million. Of these projects, we expect to complete contract work worth approximately RMB578.9 million by the year ending 31 March 2022. The management therefore considers the Group capable of maintaining an overall strong financial position.

Looking ahead, there are still uncertainties surrounding the COVID-19 pandemic, as such also economic recovery. The Company still has to pay attention to the pace of recovery of different economies which varies with their COVID-19 vaccination rates. The Group will also continue to keep a close eye on the global economic trend and market situation so as to capture business opportunities, lower operation risks and in turn achieve better operating results. The management is optimistic about the long-term development prospects of the Group.

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 tireless support.

NG San Tiong
Chairman
Hong Kong/the PRC, 25 June 2021

BUSINESS REVIEW AND OUTLOOK

The Group is the first foreign-owned tower crane service provider set up in the PRC. According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the tower crane service market in the PRC is extremely fragmented with the top five players accounted for only an approximately 4% market share in terms of revenue in 2019, and the Group's share was approximately 0.7%.

Since 2007, the Group has positioned itself as a tower crane service provider offering one-stop tower crane solution services from consultation, technical design, commissioning to construction and after sale services primarily to Chinese Special-tier and Tier-1 EPC contractors. It mainly undertakes engineering, procurement and construction projects ("**EPC projects**") from customers in the infrastructure, energy, commercial and residential sectors.

As at the date of this annual report, the Group is managing 1,090 tower cranes equipped to handle the specialised range of EPC projects of customers across the PRC. With its core values "Virtue (厚德), Safety (安全) and Excellence (卓越)" giving it guidance, the Group has built a strong market position and maintained a stable base of loyal customers, many of whom are names well-known, in the construction industry in the PRC.

In addition to a good industry reputation, the Group is acclaimed for its awareness to workers' safety, service quality and technical strengths. It possesses a Class A Certificate for Erection, Modification and Maintenance of Special Type Equipment (特種設備安裝改造維修許可證(起重機械A級)) granted by the Jiangsu Quality and Technology Supervisory Bureau (江蘇省質量技術監督局) and a Construction Enterprise Qualification Certificate (建築業企業資質證書) and Class One Lifting Equipment Erection and Project Outsourcing (起重設備安裝工程專業承包一級) qualification from the Jiangsu Housing and Urban Rural Construction Department (江蘇省住房和城鄉建設廳) for conducting tower crane service business in the PRC. The Group owns 44 registered patents for utility models and inventions related to tower cranes.

Operating Results

The Group made net profit of approximately RMB101.2 million for the year ended 31 March 2021, representing a leap of approximately 32.4% relative to the approximately RMB76.5 million for the year ended 31 March 2020.

Future Development

Looking ahead, with the COVID-19 pandemic still lingering, the global economy and economies in different regions are still on uncertain recovery paths. The Company will continue to pay attention to the different stages of recovery of different economies very much subject to their COVID-19 vaccination rates. The Group will also continue to keep a close watch on the global economic trend and market situations so as to capture business opportunities and lower operation risks, and in turn achieve better operating results. The management is optimistic about the long-term development prospects of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue increased to RMB793.0 million for the year ended 31 March 2021, representing a 6.4% increase from that for the year ended 31 March 2020, primarily due to the increase in the number of both self-owned and rented tower cranes, the majority of which had been working on-site and generating revenue. Our total tonne metre (TM) in use increased from 2,284,596 for the year ended 31 March 2020 to 2,491,629 for the year ended 31 March 2021.

Management Discussion and Analysis

Cost of Sales

Our cost of sales increased by approximately 5.7% from RMB491.7 million for the year ended 31 March 2020 to RMB519.7 million for the year ended 31 March 2021. Such increase was primarily attributable to the increase in our labour subcontracting costs from approximately RMB174.4 million for the year ended 31 March 2020 to RMB209.9 million for the year ended 31 March 2021, primarily due to the increase in the average number of outsource labour from 2,579 for the year ended 31 March 2020 to 2,779 for the year ended 31 March 2021.

Gross Profit and Gross Profit Margin

Our overall gross profit increased by approximately 7.9% from RMB253.2 million for the year ended 31 March 2020 to RMB273.3 million for the year ended 31 March 2021. Our overall gross profit margin increased from approximately 34.0% for the year ended 31 March 2020 to approximately 34.5% for the year ended 31 March 2021.

Other income

Our other income for the year ended 31 March 2021 amounted to approximately RMB5.2 million, representing a decrease of approximately RMB4.8 million or 48.0% as compared to that of approximately RMB10.0 million for the year ended 31 March 2020. The other income mainly comprised of value-add tax refund and government grants. The decrease was primarily due to the decrease in value-added tax refund during the year ended 31 March 2021.

Listing expenses

Our listing expenses decreased by approximately 24.4% from approximately RMB15.6 million for the year ended 31 March 2020 to approximately RMB11.8 million for the year ended 31 March 2021. This is due to the remaining listing expenses for the year ended 31 March 2021 was less than that for the year ended 31 March 2020.

Research and development expenses

Our research and development expenses increased from approximately RMB9.9 million for the year ended 31 March 2020 to approximately RMB24.3 million for the year ended 31 March 2021. This was due to the increase in development work on patents, and it could generate probable future economic benefit.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 49.2% from approximately RMB12.6 million for the year ended 31 March 2020 to approximately RMB18.8 million for the year ended 31 March 2021. Such increase was primarily due to the increase in commission expenses to expand new market.

General and administrative expenses

Our general and administrative expenses for the year ended 31 March 2021 amounted to approximately RMB87.4 million, representing a decrease of approximately RMB4.4 million or 4.8% as compared to that of approximately RMB91.8 million for the year ended 31 March 2020. The general and administrative expenses was mainly comprised of professional expenses, salaries costs and depreciation expenses. The decrease was mainly due to the decrease in listing expenses and depreciation expenses.

Finance costs

Our finance costs for the year ended 31 March 2021 amounted to approximately RMB14.0 million, representing a decrease of approximately RMB19.7 million or 58.5% as compared to that of approximately RMB33.7 million for the year ended 31 March 2020. The decrease was primarily due to the recognition of RMB13.0 million net exchange gains which arose from foreign currency borrowings for the year ended 31 March 2021 as compared to RMB6.0 million net exchange losses which incurred from foreign currency borrowings for the year ended 31 March 2020.

Taxation

Our income tax expense for the year ended 31 March 2021 amounted to approximately RMB34.7 million, representing a decrease of approximately RMB0.08 million or 0.2% as compared to that of approximately RMB34.8 million for the year ended 31 March 2020. Such decrease was due to the decrease of withholding tax.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 32.4% from approximately RMB76.5 million for the year ended 31 March 2020 to approximately RMB101.2 million for the year ended 31 March 2021.

Working capital structure

The Group's net current assets amounted to RMB708.9 million as at 31 March 2021, representing an increase from RMB384.6 million as at 31 March 2020. Such increase was primarily the result of an increase in cash and financial assets, which is mainly due to the receipt of proceeds from the Global Offering conducted in January 2021 and the collection of accounts receivable.

Liquidity and financial resources

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 2021, the cash and cash equivalents plus financial assets at fair value through profit or loss were RMB350.3 million, representing an increase of RMB305.9 million when compared with those for the year ended 31 March 2020.

The Group's current ratio was 2.64 times as at 31 March 2021, compared to that of 2.11 times as at 31 March 2020. The increase in current ratio was mainly attributable to increase in cash and cash equivalents and financial assets at fair value through profit or loss.

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 35.5% as at 31 March 2021 compared to that of 59.2% as at 31 March 2020.

Pledge of assets

As at 31 March 2021, the Group pledged machineries with carrying amount of approximately RMB976.6 million for the lease liabilities and bank borrowings of the Group to secure banking facilities granted to the Group.

Lease Liabilities

The lease liabilities increased by 29.4% from approximately RMB51.9 million as at 31 March 2020 to approximately RMB67.2 million as at 31 March 2021. This is mainly due to the increase of right-of-use assets.

CAPITAL COMMITMENT

As at 31 March 2021, the contracted but not delivered property, plant and equipment was RMB0.4 million, representing a decrease of RMB8.2 million from that as at 31 March 2020.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no contingent liabilities.

Management Discussion and Analysis

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operates in the PRC with RMB as the functional currency. The Board is of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2021.

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. The Shares were issued to the public at HKD1.73 per Share, and the Group received net proceeds of approximately HKD485.5 million from the global offering of its Shares (the "**Global Offering**") after deducting of the underwriting fees and commissions and other expenses payables by the Group in connection with the Global Offering. Up to the date of this annual report, the amount of net proceeds which remain unutilised amounted to approximately HKD383.1 million. Set out below are details of the planned allocation of the net proceeds, the utilised and unutilised amount of the net proceeds as of the date of this annual report:

Usage	% of Total Proceeds	Planned allocation of the net proceeds	Utilised net proceeds up to 31 March 2021	Unutilised net proceeds as at 31 March 2021	Expected timeline of full utilization of the balance
		HKD'000	HKD'000	HKD'000	
purchase tower cranes	63.0%	305,865	5,097	300,768	31 March 2023
purchase equipment and to conduct foundation work for our Yangzhou Refurbishment Centre	5.3%	25,732	4,806	20,926	31 March 2023
hire additional personnel equipped with special skills to improve our service capacity and competitiveness	3.2%	15,536	–	15,536	31 March 2023
repay part of our bank borrowings	18.5%	89,817	89,478	339	30 June 2021
working capital and other general corporate purposes	10%	48,550	3,058	45,492	31 March 2023
	100%	485,500	102,439	383,061	

As at the date of this annual report, the Group does not anticipate any change to the plan as to the use of listing proceeds as set out in the prospectus of the Company dated 30 December 2020 save for the delay of purchasing equipment and conducting foundation work for our Yangzhou Refurbishment Centre due to a delay in preparation for tender.

DIVIDEND

The Board recommended a final dividend (the "**Final Dividend**") of HKD0.03 per share, amounting to a total dividend of approximately HKD35,006,000 for the year ended 31 March 2021. The Final Dividend is still subject to approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be convened and held on Wednesday, 29 September 2021 (the "**2021 AGM**"), and is expected to be paid on or around Friday, 5 November 2021 to the Shareholders whose names appear on the register of members of the Company on Friday, 15 October 2021. These consolidated financial statements do not reflect this dividend payable.

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

During the year ended 31 March 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2021, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT DEPOSITS

For the year ended 31 March 2021, we made two fixed-term cash deposits (the "**Deposits**") with a bank with variable interests rate, details of which are set out below:

	Short-term Fixed Deposit A	**Short-term Fixed Deposit B**
Bank	United Overseas Bank (China) Limited (the "**Bank**"). To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirmed that the Bank (including any of its directors, chief executive, controlling shareholders, substantial shareholders, ultimate beneficial owner) are third parties independent of the Group and its connected persons (as defined by the Listing Rules).	
Amount of Deposit	RMB100 million	RMB100 million
Deposit Period	91 days from 8 February 2021 to 10 May 2021	179 days from 8 February 2021 to 6 August 2021
Protection of Principal	The Bank fully guaranteed the principal deposit of RMB100 million of each deposit on maturity.	
Interest Rate	Interest payable on maturity ranged from a minimum of 1% per annum (guaranteed interest return) to a maximum of 2.5% per annum (on satisfaction of a condition linked to certain currency exchange rate)	Interest payable on maturity ranged from a minimum of 1% per annum (guaranteed interest return) to a maximum of 2.8% per annum (on satisfaction of a condition linked to certain currency exchange rate)
Interests payable as at 31 March 2021	Approximately RMB0.4 million	Approximately RMB0.4 million

The Deposits constitute financial assets at fair value through profit or loss of approximately RMB200.8 million as at 31 March 2021, representing approximately 8.1% of our total assets as at 31 March 2021. For the year ended 31 March 2021, unrealised gain generated from each of the Deposits amounted to approximately RMB0.4 million being the interest therefrom.

Management Discussion and Analysis

The Deposits represent the unutilised net proceeds of the Global Offering. Our Cash management for the Deposits and similar deposits is to place available cash which is not immediately required under deposits, of which the principal is protected, in order to generate fair interest return after a short-term deposit period.

SIGNIFICANT INVESTMENT HELD

Save as disclosed in this annual report, the Group did not hold any significant investment during the year ended 31 March 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed around 1,081 employees who include the directors of the Company and those of subsidiaries (2020: 700). The total staff costs for the year ended 31 March 2021 was RMB80.9 million, an increase of 9.8% when compared with that for the year ended 31 March 2020. The increase is in line with the increase in the number of employees and salary increment and due to the expansion of the Company and the increase of wages.

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 relating to the profit of the relevant company. The Group also provides trainings to its staff. Remuneration packages are reviewed regularly to reflect the market practice and employees' performance.

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

IMPACT OF THE COVID-19 OUTBREAK

Despite the outbreak of the COVID-19 pandemic since early 2020, which invariably has affected our business operations during the year ended 31 March 2021, we are delighted to have achieved satisfactory results due to our leading position and long history in the tower crane service industry and our strong relationship with Special-tier and Tier-1 EPC contractors in the PRC.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, no significant subsequent event took place.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. YAU Kok San (邱國燊) ("**Mr. Yau**"), aged 58, 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. He joined our Group since June 2007. Mr. Yau is also currently a director for all 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.* (江蘇中建達豐機械工程有限公司) ("**Zhongjian Tat Hong**"), Tat Hong Zhaomao Investment Group Co., Ltd.* (達豐兆茂投資集團有限公司) ("**Tat Hong Zhaomao**"), China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd.* (中核華興達豐機械工程有限公司) ("**Huaxing Tat Hong**"), Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd.* (常州達豐兆茂機械工程有限公司) ("**Changzhou Tat Hong**"), Chongqing Tat Hong Machinery Construction Co., Ltd.*(重慶大峰建築工程機械有限公司) ("**Chongqing Tat Hong**") and Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd.* (江蘇融合達豐機械工程有限公司) ("**Ronghe Tat Hong**").

Mr. Yau has more than 13 years of experience in the tower crane solution service industry and has been operating the business of the Group since June 2007. Prior to joining the Group, he has over 20 years of experience in the areas of engineering, corporate finance and venture capitalism. He began his career by joining Chartered Industries of Singapore Pte. Ltd. in 1988 and left as a principal engineer in 1996. Subsequently, he was employed by Vertex Management (II) Pte. Ltd., a venture capital company based in Singapore, from 1996 to 2000, responsible for managing investment portfolios for various Chinese companies and left as an investment manager. From 2000 to 2003, Mr. Yau joined AdXplorer Pte. Ltd., serving as senior vice president as his last position and was responsible for devising company strategies in raising venture capitals for client companies across business platform. Thereafter from 2003 to 2007, Mr. Yau operated his own business specialising in corporate finance and consultancy services for small-sized companies. From July 2016 to November 2019, he had also served as chief executive office 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 National University of Singapore in July 1996.

Mr. LIN Han-wei (林翰威) ("**Mr. Lin**"), aged 57, was appointed as an Executive Director and 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. Mr. Lin is also currently a director of six subsidiaries of the Group, namely Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Chongqing Tat Hong, Ronghe Tat Hong and Tat Hong Belt Road.

Mr. Lin has more than 22 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).

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

Biographical Details of Directors and Senior Management

Non-executive Directors

Mr. NG San Tiong (黃山忠) ("**Mr. Ng**"), aged 68, 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. He joined our Group since April 2006. Mr. Ng is also currently 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.

Mr. Ng has more than 43 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. He also currently 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).

Mr. Ng is currently 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, and 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 since April 2015.

Apart from his position in the Group, Mr. Ng is also a director of several companies, including 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.

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

Mr. SUN Zhaolin (孫兆林) ("**Mr. Sun**"), aged 65, 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 currently 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 23 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 various companies, including 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 35, 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.

He has more than 12 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 has 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 serves 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.

Independent Non-executive Directors

Ms. PAN I-Shan (潘宜珊) ("**Ms. Pan**"), aged 44, 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 21 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 Ching Kuo Institute of Management and Health as adjunct lecturer in accounting courses, and served as a chief accounting officer in the said institute from August 2012 to December 2013. At present, Ms. Pan is a partner of Onething CPAs Firm in Taipei which she founded in January 2015. Her practices include accounting advisory in relation to corporate finance, financial and general management between Taiwan and the PRC, business audit services, setting-up and registration of bookkeeping system, and other bookkeeping and consultation services.

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

Mr. WAN Kum Tho (尹金濤) ("**Mr. Wan**"), aged 54, 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 24 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. He is currently 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, etc., since January 2020, and an independent director of Nanofilm Technologies International Limited, a company listed on the Mainboard of the Singapore Exchange Limited (stock code: MZH) which principally engages in the provision of nanotechnology solutions in Asia, since May 2021. He is also an Adjunct Senior Lecturer at the National University of Singapore Business School since July 2019.

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 58, 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 29 years of experience in international political economy, international business and relations, and foreign direct investment. From January 1991 to July 1992, Dr. Huang served as a senior staff at the Ministry of Foreign Affairs of Taiwan, where he was responsible for Taiwan-United States diplomatic and business exchanges, and economic and trade negotiations and affairs. From July 1998 to January 2005, Dr. Huang worked as an associate research fellow at the Taiwan Institute of Economic Research, in charge of Taiwan free trade agreement study, national southbound policy and establishing regular economic forums between Taiwan and other nations. In February 2005, he became deputy director of the institute, primarily responsible for Taiwan free trade agreement study, national southbound policy, cross-strait economic cooperation and Taiwan-Central America comprehensive economic cooperation. Dr. Huang was later in January 2008 promoted to director general of the institute and continued to promote economic affairs and cooperation for public and private sectors until he left his position in December 2011 and served as a research fellow from January 2012 to February 2012, focusing on study of new economic issues relating to regional and global concerns. Since July 2013, Dr. Huang has been the director general and distinguished research fellow of Commerce Development Research Institute in Taiwan, providing policy and strategic advices and reports to government authorities covering economic and commercial issues.

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

SENIOR MANAGEMENT

Ms. WANG Dandan (王丹丹) ("**Ms. Wang**"), aged 41, 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, including 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. Ms. Wang is also currently the director of Huaxing Tat Hong, an operating subsidiary of the Group, and a supervisor of Ronghe Tat Hong and Chongqing Tat Hong, both 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 15 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.

Biographical Details of Directors and Senior Management

Mr. DUAN Wenxuan (段文軒) ("**Mr. Duan**"), aged 48, is the senior vice president of the Group and general manager of Zhongjian Tat Hong, a subsidiary of the Group. He joined the Group in July 2007. Mr. Duan is primarily responsible for overseeing the day-to-day business operation and management of the Group and Zhongjian Tat Hong. Mr. Duan is also currently a director of four subsidiaries of the Group, namely Changzhou Tat Hong, Chongqing Tat Hong, Ronghe Tat Hong and Zhongjian Tat Hong.

Mr. Duan has over 13 years of experience in the construction machinery rental services industry in the PRC. Since January 2007, Mr. Duan joined Jiangsu Zhongjian Tat Hong Machinery Rental Co., Ltd* (江蘇中建達豐機械租賃有限公司), which was later renamed as Zhongjian Tat Hong, responsible for overseeing the daily operation and management, and implementing the decisions and plans of the company. He is now the general manager of Zhongjian Tat Hong.

In January 2012, Mr. Duan was named Outstanding Entrepreneur of the Year 2011* (2011年度優秀企業家) by the Jintan District People's Government* (金壇市人民政府). In December 2012, he was appointed executive vice president of the 2nd Council of the Jiangsu Construction Industry Association in Beijing* (北京江蘇建築商會第二屆理事會常務副會長). In January 2013 and January 2016, he was named Lifting and Demolition Construction Expert* (吊裝及拆卸工程專家) by the Beijing Housing and Urban-Rural Development Committee* (北京市住房和城鄉建設委員會). In March 2013, he was appointed a member of the Professional Technical Committee of Lifting and Demolition Construction of the Beijing City Construction and Technology Association* (北京城建科技促進會起重吊裝及拆卸工程專業技術委員會委員). In January 2014, he was appointed vice president of the 1st Council of the Jintan Branch of the Jiangsu Corporate Chamber of Commerce in Beijing* (北京江蘇企業商會金壇分會第一屆理事會副會長). In February 2014 and March 2016, Mr. Duan received the Awards of Outstanding Corporate Construction Manager of Jiangsu Province* (江蘇出省施工優秀企業經理) for the years 2013 and 2015 respectively from the Jiangsu Provincial Department of Housing and Urban-Rural Development. In January 2015, he was appointed vice president of the 1st Council of the Jintan Corporate Chamber of Commerce in Beijing* (北京金壇企業商會第一屆理事會副會長). In November 2016, he received the third prize of Beijing Science and Technology Award* (北京市科學技術獎) from the Beijing People's Government* (北京市人民政府). In September 2018, he was appointed executive director of the 6th Council of the Construction Machinery Branch of the China Construction Machinery Association* (中國工程機械工業協會施工機械分會第六屆理事會常務理事). In March 2019, he was named Construction Machinery Expert* (施工機械專家) by the China Construction Machinery Association.

Mr. Duan obtained a Bachelor's Degree in Mining Machinery from the Northeastern University in China in July 1996

Mr. ZHU Hui (朱輝) ("**Mr. Zhu**"), aged 55, 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 currently a director of three subsidiaries of the Group, namely Huaxing Tat Hong, Chongqing Tat Hong and Ronghe Tat Hong.

Mr. Zhu has over 33 years of experience in the construction industry. From December 1986 to March 2001, he joined the China Nuclear Industry, one of the Company's shareholders, as a construction staff, and has subsequently serve as a worker, deputy head and head of department in the Material Division. He then joined China Nuclear Industry Group Huaxing Construction Company* (中國核工業集團華興建設公司) as a manager between March 2001 to September 2002. In September 2002, 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 manager of the Shanghai branch office. In September 2007, he was promoted to deputy general manager and was further promoted to general manager in April 2015. Mr. Zhu obtained his tertiary education qualification in business administration from the Yangzhou University in Jiangsu, China in June 2004 and a Master's Degree in Executive Master of Business Administration from the Tongji University in China in December 2018. He was also qualified as a senior economist by the Jiangsu Provincial Department of Human Resources and Social Security* (江蘇省人力資源和社會保障廳) in November 2017.

Mr. SHEN Shiping (沈世平) ("**Mr. Shen**"), aged 62, is the chief engineer of the Group and general manager of Changzhou Tat Hong, an operating subsidiary of the Group. He joined the Group in January 2010 and is currently the general manager of Changzhou Tat Hong, one of the Group's subsidiary. Mr. Shen 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 currently a director of three subsidiaries of the Group, namely Changzhou Tat Hong, Chongqing Tat Hong and Ronghe Tat Hong.

Mr. Shen has over 21 years of experience in technical supervision, product development and project management in the construction industry and property development sector in the PRC. In December 1998, he ventured into the property development sector in the PRC and joined Guangzhou Xihua Industrial Development Company Limited* (廣州市錫華實業發展有限公司) as deputy general manager, responsible for the overall development, construction and designs of commercial and residential properties. From January 2009 to January 2010, he served the Guangzhou Saiwate Power Technology Co. Ltd.* (廣州市賽瓦特動力科技有限公司) as deputy general manager, responsible for supervising and overseeing the day-to-day business operation of the company.

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

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

Mr. SHI Jun (仕軍) ("**Mr. Shi**"), aged 48, is the head of research and development of the Group and 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 26 years of experience in the construction engineering and machinery industry. In July 1994, he joined China Nuclear Industry, one of the shareholders of the Group, as a machinery repair technician and later became a nuclear power station project technician in September 1997. In July 2000, he worked in China Nuclear Industry Group Huaxing Construction Company* (中國核工業集團華興建設公司) as a manager of the technical safety department. In June 2004, Mr. Shi joined Jiangsu China Nuclear Huaxing Machinery Construction Co., Ltd* (江蘇中核華興建築機械施工有限公司), which was later renamed as Huaxing Tat Hong, as a manager. In June 2007, he was promoted and worked as the vice general manager of Huaxing Tat Hong until he became the general manager of Ronghe Tat Hong in August 2019.

Mr. Shi obtained a tertiary qualification in agricultural engineering from the Nanjing Agricultural University in China in July 1994, and a higher education qualification in mechanical design, manufacture and automation from the Hunan University of Science and Technology in China in December 2013.

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 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. 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 Special-tier and Tier 1 and 2 contractors in People's Republic of China (the "**PRC**"). Particulars of the principal subsidiaries of the Company are set out in Note 16 to the consolidated financial statements respectively.

FINANCIAL RESULTS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of comprehensive income on page 47 of this annual report.

DIVIDEND

The Board has recommended a final dividend of HKD0.03 per share for the year ended 31 March 2021, in an aggregate amount of approximately HKD35,006,000. The Final Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting and is expected to be distributed on or around Friday, 5 November 2021 to the Shareholders whose names appeared on the register of members of the Company on Friday, 15 October 2021.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The 2021 AGM of the Company is scheduled to be held on Wednesday, 29 September 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Friday, 24 September 2021 to Wednesday, 29 September 2021 (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 2021 AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 September 2021.

For the purpose of determining the identity of the Shareholders who are entitled to receive the Final Dividend, the register of members of the Company will be closed from Wednesday, 13 October 2021 to Friday, 15 October 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the Final Dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 October 2021.

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.

The environment, social and governance report of the Company for the year ended 31 March 2021 containing the information required under Appendix 27 to the Rules Governing the Listing of Securities (the "**Listing Rules**") will be published on the website of the Company and the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in accordance with the provisions of the Listing Rules.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past four years ended 31 March 2021 are set out on page 116 of this annual report. The summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 28 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 2021 are set out in the consolidated statement of changes in equity and Note 38 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 March 2021 are set out in Note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of 31 March 2021, the reserves of the Company available for distribution to the Shareholders amounted to approximately HKD0.03 per Share.

RETIREMENT BENEFIT SCHEMES

The Group participated in various retirement benefit schemes in accordance with the relevant rules and regulations in the PRC. Details of pension obligations of the Group are set out in the Note 2.19 to the consolidated financial statements.

The Group's subsidiary in Singapore also participated in a defined contribution scheme operated by Central Provident Fund board of directors 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 funds.

Report of the Directors

TAX RELIEF AND EXEMPTION

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

EQUITY-LINKED AGREEMENTS

No equity-linked agreements has been entered into by the Company during the year ended 31 March 2021 or subsisted at the end of the year.

DIRECTORS

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

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. Chen Baozhi*
Mr. Liu Xin**

Independent Non-executive Directors

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

* *resigned on 1 April 2021*
** *appointed on 1 April 2021*

The Directors' biographical details are set out in the section headed "Biographical details of directors and senior management" in this report.

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

An annual confirmation of independence pursuant to the requirements under the Listing Rules has been received from each of the Independent Non-executive Directors.

EMOLUMENTS POLICY

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

Details of the remuneration of the Directors for year ended 31 March 2021 are set out in Note 13 to the consolidated financial statements. None of the Directors waived any emoluments during the year ended 31 March 2021.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors, has entered into a service contract with the Company for a term of three years, commencing from date of appointment until terminated by enter party giving not less than three months' notice in writing to the other.

Each of the Non-executive Directors and Independent Non-executive Directors, has entered into a letter of appointment with the Company for a term of three years, commencing from the date of appointment until terminated by enter party giving not less than one month's notice in writing to the other. All of them are subject to retirement by rotation and re-election at the annual general meeting in accordance with 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).

DIRECTOR' INTEREST IN COMPETITIVE BUSINESS

Since 13 January 2021 (the "**Listing Date**") 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.

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.

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 on 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 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.

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

Being determine 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.

No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and up to the date of this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2021, 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 2021
Yongmao Master Agreement	22 December 2020	(i) Purchase tower cranes and related parts and components from Yongmao Group; and (ii) Rent tower cranes and related parts and components from Yongmao Group	(i) Yongmao Group; and (ii) the Group	From the Listing Date to 31 March 2023	(i) For the year ending 31 March 2021 shall be RMB80.3 million (ii) For the year ending 31 March 2022 shall be RMB109.8 million (iii) For the year ending 31 March 2023 shall be RMB107.8 million	RMB31,718,000

As at 31 March 2021, Tat Hong Holdings, one of our Controlling Shareholders, owns approximately 24.0% of Yongmao whereas Sun & Tian Investment Pte. Ltd. ("**Sun & Tian**") owns approximately 57.4% of Yongmao. Sun & Tian is wholly owned by Mr. Sun Zhaolin ("**Mr. Sun**"), a Non-executive Director of the Company, and his family members. Mr. Sun is the chairman and executive director of Yongmao.

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

Pursuant to Rule 14A.55 of the Listing Rules, all Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

(1) have been approved by the Board;

(2) have followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;

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

(4) have an aggregate amount not exceeding the relevant cap disclosed in Prospectus.

A copy of the Auditor's letter on the continuing connected transactions of the Group for the year ended 31 March 2021 has been provided by the Company to the Stock Exchange.

The related party transactions mentioned in Note 37 to the consolidated financial statements constitute the 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 Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

OTHER INFORMATION

Disclosure of Interests

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 to the Listing Rules on the Stock Exchange were as follows:

(A) Long position in the Shares

Name of Directors	Capacity	Number and class of securities held/ interested	Approximate percentage of shareholding in the Company
Mr. Ng San Tiong ("**Mr. Ng**") (Notes 1 and 2)	Trustee	756,955,875 ordinary Shares	64.9%

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

Name of Directors	Name of associated corporation	Capacity	Approximate percentage of interest
Mr. Ng (Notes 1, 2)	Chwee Cheng & Sons Pte. Ltd. ("**Chwee Cheng & Sons**")	Trustee	39.5%
		Beneficial owner	11.33%

Notes:

1. Tat Hong China Equipment (China) Pte. Ltd. ("**Tat Hong China**") owns approximately 61.4% of the issued capital of the Company and TH Straits 2015 Pte. Ltd. ("**TH Straits 2015**") owns approximately 3.5% of the issued capital of the Company. In turn, TH Straits 2015 is wholly owned by Tat Hong China and Tat Hong China is owned as to approximately 88.4% by Tat Hong International Pte. Ltd. ("**Tat Hong International**") and 11.6% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee, as joint trustees of the Chwee Cheng Trust (any irrevocable discretionary trust established by Mr. Ng's father, with Mr. Ng and his family members as beneficiaries and Mr. Ng, Ng Sun Ho, Ng San Wee and Ng Sun Giam Roger as the joint trustees), owns approximately 39.5% 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 70.8% 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.

2. Immediately following completion of the Global Offering but taking no account of exercise of the Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, Tat Hong China is the beneficial owner holding approximately 64.9% shareholding interest in the Company and thus each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee are deemed or taken to be interested in all the Shares which are to be beneficially owned by Tat Hong China for the purpose of the SFO.

Save as disclosed above, as at 31 March 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and short positions of substantial shareholders in the Shares and underlying Shares of the Company

So far as the Directors and chief executive of the Company are aware, as at 31 March 2021, the following shareholders of the Company (other than the interests of the Directors and the chief executives of the Company) had interests in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be kept under Section 336 of the SFO:

Long position Shares, underlying Shares and debentures

Name	Capacity/Name of Interest	Number of Shares held/ interested	Approximate percentage of shareholding in the Company
Tat Hong China (Note 1, 2)	Beneficial interest and interest in controlled corporations	756,955,875 Shares	64.9%
Tat Hong International (Note 1, 2)	Interest in controlled corporations	756,955,875 Shares	64.9%
Tat Hong Holdings (Note 1, 2)	Interest in controlled corporations	756,955,875 Shares	64.9%
THSC Investments (Note 1, 2)	Interest in controlled corporations	756,955,875 Shares	64.9%
TH60 Investments (Note 1, 2)	Interest in controlled corporations	756,955,875 Shares	64.9%
Chwee Cheng & Sons (Note 1, 2)	Interest in controlled corporations	756,955,875 Shares	64.9%
Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee (Note 1, 2)	Trustee	756,955,875 Shares	64.9%
International Trading (H.K.) Co., Limited (Note 3)	Beneficial interest	87,476,000 Shares	7.5%
Zoomlion H.K. Holding Co., Limited (Note 3)	Interest in controlled corporations	87,476,000 Shares	7.5%
Zoomlion Heavy Industry Science and Technology Co., Limited (Note 3)	Interest in controlled corporations	87,476,000 Shares	7.5%
PHILLIP CAPITAL (HK) LIMITED (Note 4)	Beneficial interest	64,738,000 Shares	5.6%
LIM Hua Min (Note 4)	Interest in controlled corporations	64,738,000 Shares	5.6%

Notes:

1. Tat Hong China owns approximately 61.4% of the issued capital of our Company and TH Straits 2015 owns approximately 3.5% of the issued capital of our Company. In turn, TH Straits 2015 is wholly owned by Tat Hong China and Tat Hong China is owned as to approximately 88.4% by Tat Hong International and 11.6% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee, as joint trustees of the Chwee Cheng Trust, owns approximately 39.5% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments, which in turn owns approximately 70.8% 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.

2. Immediately following completion of the Global Offering but taking no account of exercise of the Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, Tat Hong China is the beneficial owner holding approximately 64.9% shareholding interest in the Company and thus each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee are deemed or taken to be interested in all the Shares which are to be beneficially owned by Tat Hong China for the purpose of the SFO.

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

4. 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 2021, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 March 2021, 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 2021.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges the importance to maintain good relationship with its employees, suppliers and customers for the achievement of its short-term and long-term business objectives.

For the year ended 31 March 2021, there was no serious and material dispute between the Group and its employees, customers and suppliers.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 March 2021, the Group's largest supplier and five largest suppliers accounted for 13% (2020: 44%) and 40% (2020: 65%) of the Group's total purchases respectively. During the year ended 31 March 2021, the Group's largest customer and five largest customers accounted for 17% (2020: 14%) and 48% (2020: 41%) of the Group's total revenues respectively. 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 2021.

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 2021 or at any time during the year ended 31 March 2021.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up to 31 March 2021, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

USE OF PROCEEDS FROM THE LISTING

Details of the use of proceeds from the Listing is set out in the section headed "Management Discussion and Analysis — Use of Proceeds" of this annual report.

CHARITABLE DONATION

During the year ended 31 March 2021, the Group did not make any charitable donation (31 March 2020: Nil).

CORPORATE GOVERNANCE

Our Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The Company had complied with applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules since the Listing Date to 31 March 2021 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 sufficient public float as required under the Listing Rules.

NON-COMPETITION UNDERTAKING

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

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to the listed on the Stock Exchange; or (ii) the date on which the Covenantors cease to 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, urgent, 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 our subsidiaries in Hong Kong, the PRC and such other places as the Company or any of our subsidiaries may conduct or carry on business from time to time in the future. Details of the Non-competition Deed are set out in the paragraph headed "Non-Competition Undertaking" in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 30 December 2020.

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 2021.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for re-appointment of PricewaterhouseCoopers as the independent Auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Mr. Ng San Tiong
Chairman

Hong Kong/the PRC, 25 June 2021

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code in Appendix 10 to the Listing Rules. The Company, having made specific enquiry of all the Directors, confirmed that all Directors had complied with the required standard set out in the Model Code from the Listing Date and up to the date of this annual report and no incident of non-compliance by the Directors has been noted by the Company since the Listing Date and up to 31 March 2021.

COMPETING INTEREST

For the year ended 31 March 2021, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, the management, the shareholders of the Company (the "**Shareholder(s)**") and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Company and its subsidiaries (collectively "**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 report.

The Board currently consists of eight Directors, comprising two Executive Directors, three 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 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.

Corporate Governance Report

Chairman and Chief Executive Officer

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

Non-executive Director and Independent Non-executive Directors

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

The three 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, and foreign direct investment. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

Directors' Induction and Continuous Professional Development

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

The attendance record of professional training received by the Directors for the year ended 31 March 2021 is as follows:

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

* *resigned on 1 April 2021*
** *appointed on 1 April 2021*

Notes:

A: Participating the web training from Hong Kong Exchanges and Clearing Market Website
B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Board Diversity Policy

The Board adopted a Board diversity policy on 25 June 2021 (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company believes that it will help strengthen the business development of the Company and enhance the effectiveness and performance of the Board. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

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

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and propose matters to be discussed in the meeting agenda. The Board held a meeting on 25 June 2021 and, amongst other matters, considered and approved the Consolidated Financial Statements for the year ended 31 March 2021 and Independent Auditor's Report.

During the period from the Listing Date and up to the date of this annual report, two 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)*	2/2
Mr. Lin Han-wei	2/2
Non-executive Directors	
Mr. Ng San Tiong *(Chairman)*	2/2
Mr. Sun Zhaolin	1/2
Mr. Chen Baozhi*	0/1
Mr. Liu Xin**	1/1
Independent Non-executive Directors	
Ms. Pan I-Shan	2/2
Mr. Wan Kum Tho	2/2
Dr. Huang Chao-Jen	2/2

* *resigned on 1 April 2021*
** *appointed on 1 April 2021*

General Meetings

No general meeting was held during the period from the Listing Date and up to the date of this annual report and therefore there is no attendance record of the Directors at the Shareholders' general meeting.

BOARD COMMITTEES

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

Audit Committee

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

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

During the period from the Listing Date and up to the date of this annual report, the Audit Committee mainly performed the following duties:

- reviewed our Group's the audited annual results for the year ended 31 March 2021, and is of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

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

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

During the period from the Listing Date and up to the date of this annual report, one Audit Committee meeting has been held. The attendance record of each member of the Audit Committee is set out in the table below:

Name of Members of the Audit Committee	Attendance/ Number of Audit Committee meeting held during a Director's tenure
Ms. Pan I-Shan *(Chairlady)*	1/1
Mr. Wan Kum Tho	1/1
Dr. Huang Chao-Jen	1/1

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 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 period from the Listing Date and up to the date of this annual report, 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 2021; and

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

During the period from the Listing Date and up to the date of this annual report, two Remuneration Committee meetings have been held. The attendance record of each member of the Remuneration Committee is set out in the table below:

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

Pursuant to Appendix 14 Code provision B.1.5, the details of any remuneration payable to members of senior management by band, fell within the following bands:

Remuneration band	**Year ended 31 March 2021** Number of individuals
Nil to HKD1,000,000	—
HKD1,000,000 to HKD1,500,000	3
HKD1,500,000 to HKD2,000,000	—
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.

During the period from the Listing Date and up to the date of this annual report, the Nomination Committee mainly performed the following duties:

- reviewed the background of and nominated Mr. Liu Xin as the Non-executive Director of the Company. Such nomination has been adopted by the Board.

- 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 2021;

- adopted the Board Diversity Policy; and

- reviewed the background of the retiring Directors and determined whether the retiring Directors continues to meet the criteria to be re-elected in the forthcoming annual general meeting of the Company to be held on 29 September 2021, and made commendations to the Board on the re-election of retiring Directors.

During the period from the Listing Date and up to the date of this annual report, two Nomination Committee meetings have been held. The attendance record of each member of the Nomination Committee is set out in the table below:

Name of Members of the Nomination Committee	Attendance/ Number of Nomination Committee meetings held during a Director's tenure
Mr. Ng San Tiong *(Chairman)*	2/2
Mr. Wan Kum Tho	2/2
Dr. Huang Chao-Jen	2/2

Nomination Policy

The Board has on 25 June 2021 adopted a Nomination Policy in accordance with the CG Code, which sets out the procedure for the election, appointment and re-appointment of Directors (the "**Nomination Policy**"). The Nomination Policy specifies certain selection criteria and the Board succession planning consideration.

The Nomination Policy is produced as follows.

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

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

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

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

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

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

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

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

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

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

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

Director Nomination Procedure

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

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

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

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

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

(c) 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;

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

(e) 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;

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 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 2021. 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 42 to 46 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 of the Company in general meetings.

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

– the actual and expected financial performance of the Group;

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

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

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

– any other factors that the Board deems appropriate.

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

AUDITOR'S REMUNERATION

An analysis of the remuneration paid or payable to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services provided to the Group for the year ended 31 March 2021 is set out below:

Services rendered	**Service Category Fees Paid/Payable** RMB'000
Audit service	2,780
Non-audit services	—

The amount of audit services fee also included the service fee in connection with the Listing of the Company.

RISK MANAGEMENT

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

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

INTERNAL CONTROL

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

Code of conduct

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

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 period from the Listing Date to the date of this annual report, they had not engaged in, and have not been aware of, any bribery, corruption or fraudulent practice by our Directors and employees. Our Directors have further confirmed that during the period from the Listing Date to the date of this annual report, as far as they are aware, our Group had not been subject to any anti-corruption claims or investigations by the relevant authorities.

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 2021, 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 2021 and all material controls which include operational, financial and compliance controls, and considered the changes in the nature and extent of significant risks as well as the Company's ability to respond to changes in its business and the external environment. The Board considers that the Company has complied with the risk management and internal control provisions of the CG Code, and considers such systems are effective and sufficient. The Board has also reviewed the resources of accounting, internal audit and financial reporting functions, staff qualifications and experience, training programs and related budgets, as well as procedures related to financial reporting and compliance with the Listing Rules, and considered them effective and sufficient.

INSIDE INFORMATION

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

- having its own procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group;
- communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and
- conducting its affairs with close regard to the disclosure requirement under the Listing Rules and the related guidance.

COMPANY SECRETARY

During the period from the Listing Date to 31 March 2021, Ms. Yeung Ching Man ("**Ms. Yeung**"), who 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 2021, she had undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules. Ms. Yeung has resigned as Company Secretary with effect from 1 April 2021. On the same day, Ms. Chan Tsz Yu ("**Ms. Chan**") has been appointed to replace Ms. Yeung as the Company Secretary. Ms. Chan concurrently acts as an assistant manager of SWCS Corporate Service Group (Hong Kong) Limited, which is a company with the focus on providing the company secretary services.

The primary contact person of Ms. Yeung and Ms. Chan 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 on-going dialogue with the Shareholders and in particular, through annual general meetings and other extraordinary general meetings.

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

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

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

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

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, the Shareholders may send written enquiries to the Company. The Company 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

In preparation for the Listing, the Company has adopted the amended and restated Memorandum and Articles of Association pursuant to a special resolution of the Shareholders passed on 31 December 2020, which became effective on the Listing Date. Since then, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Memorandum and Articles of Association of the Company is available on the websites of the Company and of the Stock Exchange.

Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of Tat Hong Equipment Service Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 47 to 115, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of one-stop tower crane solution services Refer to Note 2.21 in the summary of significant accounting policies, Notes 5 and 6 to the consolidated financial statements. The Group derives its revenues from one-stop tower crane solution services and dry lease which amounted to approximately RMB788,504,000 and RMB4,455,000 for the year ended 31 March 2021, respectively. One-stop tower crane solution services contains lease component ("**Operating Lease**") and non-lease component ("**Hoisting Service**"). The total consideration of the service contract is allocated to the Operating Lease and Hoisting Service, based on the relative stand-alone selling prices, using the expected costs plus margin approach. Revenue from Operating Lease is recognised on a straight-line basis over the lease term. Revenue from Hoisting Service is recognised over the service period using input method, which is on the basis of the Group's inputs to the satisfaction of Hoisting Service. Significant effort was spent in auditing revenue recognised due to the large volume of transactions and management's judgement and estimates used in determining project duration and cost of completion.	We obtained an understanding of the management's internal control and assessment process of revenue recognition and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, mainly complexity. We evaluated and tested the key controls over the revenue recognition. We compared the current year actual results including the project duration with contract terms, and compared the actual costs with the prior year estimation to assess the effectiveness of management's estimation process. We tested the total contract prices of projects, on a sample basis, to the project contracts, adjustment confirmations of project duration and settlement confirmations between the Group and its customers. We tested, on a sample basis, the actual costs incurred during the year and the cost of completion of selected projects, which were used as a basis for the allocation of total consideration, to supporting documents such as the purchase contracts, the salary lists, the invoices and management's forecast on cost of completion with reference to historical cost pattern. We recalculated the allocation of the total consideration of service contracts to Operating Lease and Hoisting Service. We recalculated the revenue of Operating Lease recognised based on the expected project duration on a straight-line basis. We recalculated the progress of Hoisting Service based on the latest actual cost incurred and expected total cost, and further recalculated the revenue of Hoisting Service using input method. Based on our work performed, we found management's judgements and estimates used in the revenue recognition were supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of contract assets and trade receivables Refer to Note 2.12 and 2.23 in the summary of significant accounting policies, Note 3.1 in the Financial risk management, Notes 5 and 23 to the consolidated financial statements. As at 31 March 2021, the Group recognized contract assets and trade receivables of RMB268,076,000 and RMB460,123,000 respectively and the loss allowance on contract assets and trade receivables is approximately RMB891,000 and RMB5,695,000, respectively. The Group recorded reversal of net impairment loss on contract assets and trade receivables in the consolidated statements of comprehensive income of approximately RMB1,711,000 for the year ended 31 March 2021. 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 do not share same credit risk characteristics with others, management assessed their expected credit losses on an individual basis. For trade receivables and contract assets that share same credit risk characteristics with others, the Group estimated the expected credit losses based on estimation about risk of default and expected credit loss rates. Management calculated the historical default rate based on the payment profile of debtors, including sales and the related bad debts in the observed period. The expected lifetime loss is estimated based on internal historical data with adjustment to reflect current conditions and forward looking factors such as the Gross Domestic Product ("**GDP**"). We focused on this area due to the significant management estimates involved in the impairment assessment of contract assets and trade receivables which are subjective.	We obtained an understanding of management's internal control and assessment process of impairment of contract assets and trade receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and subjectivity, etc. We evaluated and tested the key controls over the impairment assessment of contract assets and trade receivables, including the review of ageing and collectability of the receivable balances, and the review and approval of the model and assumptions used in expected credit loss assessment. We tested, on a sample basis, the aging analysis of contract assets and trade receivables at year end to supporting documents. For trade receivables and contract assets assessed on an individual basis, we evaluated appropriateness of the judgements used by management by examining of the historical payment documents, on a sample basis, and checking the financial position and creditworthiness of debtors. For trade receivables and contract assets assessed on group basis, we assessed the historical default rate by considering the payment profile of debtors. We tested the historical data used in the calculation of the historical default rate, including sales and the related bad debts, on a sample basis, to supporting documents. We evaluated, with assistance from our internal expert, management's assessment of current conditions and forward looking factors including the GDP, based on our understanding of the client's industry and with reference to external data sources. Based upon the above procedures, we found that the significant management estimates involved in the impairment assessment of contract assets and trade receivables were supported by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2021

Consolidated Statement of Comprehensive Income

		Year ended 31 March	
		2021	2020
	Note	**RMB'000**	RMB'000
Revenue	6	**792,959**	744,921
Cost of sales	9	**(519,676)**	(491,683)
Gross profit		**273,283**	253,238
Selling and distribution expenses	9	**(18,794)**	(12,623)
General and administrative expenses	9	**(87,397)**	(91,795)
Research and development expenses	9	**(24,337)**	(9,914)
Reversal of/(provision for) financial assets and contract assets	3.1	**1,711**	(5,464)
Other income	7	**5,247**	9,963
Other (losses)/gains, net	8	**(564)**	464
Operating profit		**149,149**	143,869
Finance costs	10	**(13,967)**	(33,680)
Finance income	10	**727**	1,019
Profit before income tax		**135,909**	111,208
Income tax expense	11	**(34,674)**	(34,749)
Profit for the year		**101,235**	76,459
Profit for the year attributable to:			
Owners of the Company		**101,235**	76,459
Other comprehensive income, net of tax			
Item that may be reclassified to profit or loss:			
Currency translation difference		**(232)**	33
Other comprehensive income for the year, net of tax		**(232)**	33
Total comprehensive income for the year, net of tax		**101,003**	76,492
Basic and diluted earnings per share	15	**0.11**	0.09

The notes on page 52 to 115 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 25 June 2021 and were signed on its behalf.

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

Consolidated Statement of Financial Position

	Note	As at 31 March 2021 RMB'000	 2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**1,136,550**	1,155,953
Right-of-use assets	18	**94,401**	72,013
Intangible assets	19	**30,034**	34,537
Contract assets	5	**32,916**	22,860
Other non-current assets	20	**46,818**	25,929
Total non-current assets		**1,340,719**	1,311,292
Current assets			
Inventories	22	**21,022**	13,741
Contract assets	5	**234,269**	206,975
Trade receivables	23	**454,428**	361,875
Prepayments and other receivables	24	**66,913**	93,094
Financial assets at fair value through other comprehensive income	25	**14,058**	11,095
Financial assets at fair value through profit or loss	26	**200,816**	—
Cash and cash equivalents	27	**149,515**	44,430
Total current assets		**1,141,021**	731,210
Total assets		**2,481,740**	2,042,502

The notes on page 52 to 115 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 March 2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	31	**356,696**	93,907
Lease liabilities	18	**34,177**	27,351
Deferred income tax liabilities	30	**84,037**	67,405
Other payables and accruals	33	**—**	428,209
Provisions	34	**23,770**	29,367
Total non-current liabilities		**498,680**	646,239
Current liabilities			
Trade and bills payables	32	**169,623**	151,981
Contract liabilities	5	**8,325**	9,195
Other payables and accruals	33	**66,292**	82,078
Borrowings	31	**125,932**	47,208
Lease liabilities	18	**33,013**	24,590
Provisions	34	**28,946**	31,584
Total current liabilities		**432,131**	346,636
Total liabilities		**930,811**	992,875
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	28	**593,026**	441,458
Reserves	29	**539,690**	276,307
Retained earnings		**418,213**	331,862
Total equity		**1,550,929**	1,049,627
Total equity and liabilities		**2,481,740**	2,042,502

The notes on page 52 to 115 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 April 2019	441,458	–	243,605	28,372	(21)	267,588	981,002
Profit for the year	–	–	–	–	–	76,459	76,459
Other comprehensive income:							
– Currency translation difference	–	–	–	–	33	–	33
Total comprehensive income	–	–	–	–	33	76,459	76,492
Dividends (Note 14)	–	–	–	–	–	(7,867)	(7,867)
Statutory reserve	–	–	–	4,318	–	(4,318)	–
At 31 March 2020	441,458	–	243,605	32,690	12	331,862	1,049,627
At 1 April 2020	441,458	–	243,605	32,690	12	331,862	1,049,627
Profit for the year	–	–	–	–	–	101,235	101,235
Other comprehensive income:							
– Currency translation difference	–	–	–	–	(232)	–	(232)
Total comprehensive income	–	–	–	–	(232)	101,235	101,003
Dividends (Note 14)	–	–	–	–	–	(7,646)	(7,646)
Statutory reserve	–	–	–	7,238	–	(7,238)	–
Issue of shares (Note 28)	151,568	256,377	–	–	–	–	407,945
At 31 March 2021	593,026	256,377	243,605	39,928	(220)	418,213	1,550,929

The notes on page 52 to 115 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from operations	35	**312,157**	231,882
Interest received		**1,439**	1,019
Interest paid		**(21,327)**	(26,718)
Income taxes (paid)/received		**(26,699)**	1,098
Net cash inflow from operating activities		**265,570**	207,281
Cash flows from investing activities			
Payments for property, plant and equipment		**(288,830)**	(200,463)
Payments for intangible assets		**—**	(113)
Payments for financial assets at fair through profit or loss		**(200,050)**	—
Loans to a related party	37	**—**	(9,649)
Proceeds from disposals of property, plant and equipment and right-of-use assets	35	**23,431**	14,983
Net cash outflow from investing activities		**(465,449)**	(195,242)
Cash flows from financing activities			
Proceeds from issues of shares		**407,945**	—
Proceeds from borrowings	35	**152,348**	141,491
Repayment of borrowings	35	**(193,663)**	(62,771)
Loans from a related party	35, 37	**21,437**	61,398
Repayment of loans from a related party	35, 37	**(31,808)**	(88,600)
Payments for lease liabilities	35	**(31,831)**	(39,764)
Payments of listing expenses		**(10,116)**	(4,988)
Dividend paid to the Company's shareholders	14	**(7,646)**	(11,470)
Net cash inflow/(outflow) from financing activities		**306,666**	(4,704)
Net increase in cash and cash equivalents		**106,787**	7,335
Cash and cash equivalents at beginning of the year	27	**44,430**	36,911
Effects of exchange rate changes on cash and cash equivalents		**(1,702)**	184
Cash and cash equivalents at end of the year	27	**149,515**	44,430

The notes on page 52 to 115 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION OF THE GROUP

Tat Hong Equipment Service Co., Ltd. (the "**Company**") was incorporated in the Cayman Islands in 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 Special-tier and Tier 1 and 2 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 25 June 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

(a) New and amended standard adopted by the Group

The Group has applied the following standard and amendment for the first time for their annual financial period commencing 1 April 2020:

		Effective for annual periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 June 2020

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 March 2021 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

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

2.2 Subsidiaries

Consolidation

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

Business combination

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 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.

2.3 Segment reporting

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

2.4 Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment

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

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

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

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

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

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

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

2.6 Intangible assets

Patent

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets *(Continued)*

Research and development

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

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

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

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

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

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

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

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

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

2.7 Impairment of non-financial assets

Goodwill, intangible assets that have an indefinite useful life and capitalised development cost 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 in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories:

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

- those to be measured at amortised cost.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

2.8.1 Classification *(Continued)*

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

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

2.8.2 Recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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 statement of profit or loss.

- 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 ("OCI"). 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 (losses)/gains, 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 statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

2.8.2 Recognition and measurement (Continued)

Debt instruments (Continued)

- 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 (losses)/gains, net" in the period in which it arises.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount 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 legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Impairment of financial assets

The Group has following types of financial assets subject to the expected credit loss model:

- Trade receivables and contract assets
- Other receivables
- Cash and cash equivalents

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of other receivables is measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 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.

2.12 Trade receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Share capital and share premium

Ordinary shares are classified as equity.

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

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

2.15 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Borrowings *(Continued)*

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.

2.16 Borrowing costs

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

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

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

2.17 Trade and other payables

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

2.18 Current and deferred income tax

The income tax expense for the year is the tax payable on the current year'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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax *(Continued)*

Deferred income tax

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

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

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

2.19 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits *(Continued)*

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.

2.20 Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

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

One-stop tower crane solution services

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

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

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

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

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

Dry lease

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

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(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.

2.23 Contract assets and contract liabilities

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Leases

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- 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.

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Leases *(Continued)*

Payments associated with short-term leases 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.

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

2.25 Government grants

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

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

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

2.26 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Foreign exchange risk

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

As at 31 March 2021, 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 RMB15,989,000 (2020: RMB4,683,000) lower/higher.

As at 31 March 2021, 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 RMB5,000 higher/lower (2020: RMB6,033,000 lower/higher).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Foreign exchange risk *(Continued)*

As at 31 March 2021, 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 RMB425,000 higher/lower.

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 2021, 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 RMB2,186,000 (2020: RMB529,000) 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 cash and cash equivalents, financial assets at fair value through profit or losses, financial assets at fair value through other comprehensive income, contract assets and trade and other receivables. The carrying amounts of trade and other receivables, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

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

(i) Credit risk of cash and cash equivalents

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

(ii) Credit risk of contract assets and trade receivables

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

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

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations

- actual or expected significant changes in the operating results of customers

- significant changes in the expected performance and behaviour of the customers, including changes in the payment status.

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk (Continued)

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

	Within credit term RMB'000	Less than 180 days past due RMB'000	181 days to 365 days past due RMB'000	1 to 2 years past due RMB'000	More than 2 years past due RMB'000	Total RMB'000
31 March 2021						
Trade receivables						
Gross carrying amount	**96,531**	**203,899**	**75,201**	**58,850**	**25,642**	**460,123**
Expected loss rate	**(0.33%)**	**(0.71%)**	**(1.20%)**	**(1.63%)**	**(8.05%)**	**(1.24%)**
Loss allowance	**(318)**	**(1,448)**	**(905)**	**(959)**	**(2,065)**	**(5,695)**
Contract assets – current and non-current						
Gross carrying amount	**268,076**	**–**	**–**	**–**	**–**	**268,076**
Expected loss rate	**(0.33%)**	**–**	**–**	**–**	**–**	**(0.33%)**
Loss allowance	**(891)**	**–**	**–**	**–**	**–**	**(891)**

	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 2020						
Trade receivables						
Gross carrying amount	82,452	174,397	57,027	42,601	12,115	368,592
Expected loss rate	(0.88%)	(1.31%)	(1.43%)	(4.00%)	(9.87%)	(1.82%)
Loss allowance	(722)	(2,278)	(816)	(1,705)	(1,196)	(6,717)
Contract assets – current and non-current						
Gross carrying amount	231,420	–	–	–	–	231,420
Expected loss rate	(0.68%)	–	–	–	–	(0.68%)
Loss allowance	(1,585)	–	–	–	–	(1,585)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

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

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Contract assets		
At the beginning of the year	**1,585**	17
(Reversal of)/provision for previous impairment losses	**(694)**	1,568
At the end of the year	**891**	1,585

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Trade receivables		
At the beginning of the year	**6,717**	2,821
(Reversal of)/provision for previous impairment losses	**(1,017)**	3,896
Currency translation differences	**(5)**	—
At the end of the year	**5,695**	6,717

(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 2020 and 2021. 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 2020 and 2021, 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

Credit risk *(Continued)*

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

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

(v) Credit risk of financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss mainly comprise structured deposits issued by a listed bank. It is considered to have low credit risk because principal of structured deposits is guaranteed. The deposits have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Liquidity risk

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

	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 2021					
Borrowings	125,932	78,932	277,764	—	482,628
Trade and bills payables	169,623	—	—	—	169,623
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	37,776	—	—	—	37,776
Interest payable	9,762	7,337	5,166	—	22,265
Lease liabilities	37,624	18,505	15,063	1,774	72,966
	380,717	104,774	297,993	1,774	785,258

	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 2020					
Borrowings	47,208	26,252	67,655	—	141,115
Trade and bills payables	151,981	—	—	—	151,981
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	41,796	216,021	212,188	—	470,005
Interest payable	20,138	19,270	5,326	—	44,734
Lease liabilities	28,771	16,488	11,795	2,417	59,471
	289,894	278,031	296,964	2,417	867,306

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, loans from a related party and lease liabilities less 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 2020 and 2021 were as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Net debt	**400,303**	576,835
Total equity	**1,550,929**	1,049,627
Total capital	**1,951,232**	1,626,462
The net debt to total capital ratio	**21%**	35%

The decrease in net debt to total capital ratio is mainly due to the Company's issuance of new ordinary shares with proceeds raised on 13 January 2021.

3.3 Fair value estimation

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

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

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at March 31, 2021				
Assets				
Financial assets at fair value through other comprehensive income	**–**	**–**	**14,058**	**14,058**
Financial assets at fair value through profit or loss	**–**	**–**	**200,816**	**200,816**
	–	**–**	**214,874**	**214,874**
As at March 31, 2020				
Assets				
Financial assets at fair value through other comprehensive income	–	–	11,095	11,095

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

Level 3 financial assets at fair value through profit or loss mainly comprise structured deposits which are not traded in an active market. The fair value of the structured deposits is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The structured deposits are principal guaranteed and the yield are linked to the exchange rate.

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 2021 RMB'000	2020 RMB'000	Un-observable	Inputs (probability-weighted average) Year ended 31 March 2021	2020
14,058	11,095	Discount rates quoted in main state-owned banks	**4.56%**	3.46%

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 2020 and 2021 by approximately RMB17,000 and RMB90,000/RMB91,000, respectively.

4 CRITICAL ESTIMATES AND JUDGEMENTS

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

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

Revenue recognition

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

The Group applies input method to measure the progress of Hoisting Services provided by the Group, which is based on the entity's inputs to the satisfaction of Hoisting Service relative to the total expected inputs to the satisfaction of Hoisting Service. Because of the nature of the activity undertaken in hoisting, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. In the contract progress, the management of the Group regularly reviews the transaction price and contract modification, contract costs in the budget prepared for each contract, the progress of the contracts performance and the accumulatively 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 and are reflected in consolidated statements of comprehensive income in the current period.

Impairment of contract assets and trade receivables

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

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

4 CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)*

Impairment and useful lives of property, plant and equipment

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

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

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

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

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

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

Income taxes and deferred income tax

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

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

5 SEGMENT INFORMATION

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

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

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

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Customer A	**132,863**	103,184

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

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Contract assets		
Non-current	**33,003**	23,010
Loss allowance	**(87)**	(150)
	32,916	22,860
Current	**235,073**	208,410
Loss allowance	**(804)**	(1,435)
	234,269	206,975
Total contract assets	**267,185**	229,835

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Contract liabilities	**8,325**	9,195

5 SEGMENT INFORMATION *(Continued)*

(i) Revenue recognised in relation to contract liabilities

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**6,501**	4,634

(ii) Unsatisfied performance obligations

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

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
One-stop tower crane solution services	**749,241**	682,325
Dry lease	**2,244**	2,904
	751,485	685,229

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB578,861,000 as of 31 March 2021 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB172,624,000 will be recognised as revenue after 1 year but less than 5 years.

6 REVENUE

An analysis of revenue is as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Timing of revenue recognition — Over the time		
One-stop tower crane solution services:		
— Operating Lease	**418,410**	434,774
— Hoisting Service	**370,094**	303,626
Dry lease	**4,455**	6,521
	792,959	744,921

7 OTHER INCOME

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Value-added tax refund	**3,545**	6,894
Government grants	**1,518**	696
Others	**184**	2,373
	5,247	9,963

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

8 OTHER (LOSSES)/GAINS, NET

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss	**766**	—
Exchange (losses)/gains, net	**(1,702)**	184
Gains on disposal of property, plant and equipment and right-of-use assets	**372**	280
	(564)	464

9 EXPENSES BY NATURE

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets	**227,491**	234,155
Labour subcontracting cost	**209,898**	174,406
Employee benefit expenses (Note 12)	**80,958**	73,714
Material fees	**22,380**	15,348
Travel expenses	**19,940**	18,151
Rental expenses	**17,421**	14,241
Listing expenses	**11,809**	15,611
Repair expenses	**10,897**	13,566
Commission expenses	**7,025**	1,251
Transportation expenses	**6,691**	8,249
Entertainment expenses	**6,262**	6,581
Office expenses	**5,461**	4,593
Amortisation of intangible assets	**4,503**	4,543
Professional fees	**2,906**	3,127
Auditor's remuneration	**1,305**	505
Others	**15,257**	17,974
	650,204	606,015

10 FINANCE COSTS AND INCOME

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings and loans from a related party	**22,779**	22,714
Interest expenses on lease liabilities	**4,064**	4,802
Net exchange (gains)/losses on foreign currency borrowings and loans from a related party	**(12,876)**	6,164
Total finance costs	**13,967**	33,680
Finance income:		
Interest income	**(727)**	(1,019)
Finance costs — net	**13,240**	32,661

11 INCOME TAX EXPENSE

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Current tax on profits for the year	**18,042**	14,723
Deferred income tax	**16,632**	20,026
Income tax expense	**34,674**	34,749

11 INCOME TAX EXPENSE *(Continued)*

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Profit before taxation	**135,909**	111,208
Tax calculated at tax rates applicable to profits of the respective subsidiaries	**31,935**	28,501
Expenses not deductible for tax purposes	**899**	945
Temporary difference for which no deferred tax asset was recognised	**357**	307
Tax losses for which no deferred tax asset was recognised	**2,864**	2,776
Utilisation of the tax losses unrecognised previously	**(147)**	(1,587)
Super deductions from research and development expenditures	**(2,154)**	(820)
Withholding tax	**920**	4,627
Income tax expense	**34,674**	34,749

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

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

Pursuant to the relevant laws and regulation in the PRC, in November 2018, the Group's subsidiary, China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd., was accredited as a high-tech enterprise, and was entitled to the preferential tax rate of 15% for three years effective from 2018.

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.

12 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	**64,973**	54,812
Pension costs-defined contribution plans	**1,317**	4,555
Other social security and housing fund	**6,767**	6,305
Other employee benefits	**7,901**	8,042
	80,958	73,714

13 EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Five highest paid individuals

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	**8,226**	5,731
Pension costs-defined contribution plans	**26**	184
Other social security and housing fund	**184**	292
Other employee benefits	**144**	365
	8,580	6,572

The annual emoluments of the five highest paid individuals, including two directors (2020: nil), fell within the following bands:

	Year ended 31 March	
	2021	2020
Nil to HKD1,000,000	**0**	0
HKD1,000,000 to HKD1,500,000	**1**	3
HKD1,500,000 to HKD2,000,000	**2**	2
HKD2,000,000 to HKD2,500,000	**1**	0
HKD2,500,000 to HKD3,000,000	**1**	0
	5	5

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

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

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

For the year ended 31 March 2021:

Name	Fees RMB'000	Wages, salaries and bonuses RMB'000	Pension costs — defined contribution plans RMB'000	Other social security and housing fund RMB'000	Total RMB'000
Chairman:					
Ng San Tiong	–	–	–	–	–
Executive directors:					
Yau Kok San (also Chief Executive Officer)	–	1,682	–	–	1,682
Lin Han-wei	–	1,682	–	–	1,682
Non-executive directors:					
Chen Baozhi	20	–	–	–	20
Sun Zhaolin	20	–	–	–	20
Ng San Tiong (also Chairman)	38	–	–	–	38
Independent non-executive Director					
Pan I-shan**	25	–	–	–	25
Wan Kum Tho***	25	–	–	–	25
Hunag Chao-Jen****	25	–	–	–	25
Total:	153	3,364	–	–	3,517

* Mr. Tay Ruixian, Jeremiah resigned as a non-executive director of the Company in July 2020.

** Mrs. Pan I-shan was appointed as an independent non-executive director of the Company in December 2020.

*** Mr. Wan Kum Tho was appointed as an independent non-executive director of the Company in December 2020.

**** Mr. Hunag Chao-Jen was appointed as an independent non-executive director of the Company in December 2020.

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

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

For the year ended 31 March 2020:

Name	Fees RMB'000	Wages, salaries and bonuses RMB'000	Pension costs — defined contribution plans RMB'000	Other social security and housing fund RMB'000	Total RMB'000
Chairman:					
Ng San Tiong	—	—	—	—	—
Executive directors:					
Yau Kok San (also Chief Executive Officer)	—	395	—	—	395
Lin Han-wei	—	397	—	—	397
Non-executive directors:					
Chen Baozhi	—	—	—	—	—
Sun Zhaolin	—	—	—	—	—
Tay Ruixian, Jeremiah*	—	—	—	—	—
Ng San Tiong (also Chairman)	—	—	—	—	—
Total:	—	792	—	—	792

* Mr. Tay Ruixian, Jeremiah was appointed as a non-executive director of the Company in November 2019.

13 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 year ended 31 March 2020 and 2021.

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits for the year ended 31 March 2020 and 2021.

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

During the years ended 31 March 2020 and 2021, 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 37, there are no loans, quasi-loans and other dealing in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 March 2020 and 2021.

(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 2020 and 2021.

14 DIVIDENDS

Pursuant to the resolution of the shareholders' meeting held on 16 August 2019, dividends of RMB7,867,000 were approved by the Company to its shareholders. All dividend has been paid in cash during the year ended 31 March 2020.

Pursuant to the resolution of the shareholders' meeting held on 24 September 2020, dividends of RMB7,646,000 were approved by the Company to its shareholders. All dividend has been paid in cash during the year ended 31 March 2021.

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Dividend payable at the beginning of the year	**–**	3,603
Declaration of dividends	**7,646**	7,867
Dividends paid	**(7,646)**	(11,470)
Dividend payable at the end of the year	**–**	–

On 25 June 2021, the board of directors recommend a final dividend in respect of the year ended 31 March 2021 of HKD35,006,000, representing HKD0.03 per share. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company. These consolidated financial statements do not reflect this dividend payable.

15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue or deemed to be in issue during the financial year. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The fully diluted earnings per share for the financial year is the same as the basic earnings per share as there is no dilutive potential share during the financial year. Weighted average number of ordinary shares in issue is adjusted retrospectively as a result of the share split (Note 28).

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Profit attributable to the ordinary equity holders of the Company	**101,235**	76,459
Weighted average number of ordinary shares in issue ('000)	**937,491**	875,151
Basic and diluted earnings per share (RMB)	**0.11**	0.09

16 INVESTMENT IN SUBSIDIARIES

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Investment in unlisted shares	**894,842**	894,842

16 INVESTMENT IN SUBSIDIARIES *(Continued)*

The following is a list of subsidiaries at 31 March 2021:

Company name	Country/Place and date of incorporation	Type of legal entity	Paid-up capital	Attributable equity interest to the Company		Principal activities and place of operation
				Direct	Indirect	
Tat Hong Zhaomao Investment Group Co., Ltd. ("**Tat Hong Zhaomao**")	The PRC 23 April 2010	Limited liability company	USD 62,700,000	100.00%	–	Investment holding, in the PRC
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. ("**Huaxing Tat Hong**")	The PRC 24 June 2004	Limited liability company	RMB 251,000,000	41.33%	58.67%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Shanghai Tat Hong Construction Service Co., Ltd. ("**Shanghai Tat Hong**")	The PRC 13 June 2006	Limited liability company	USD 26,000,000	56.35%	43.65%	Finance lease of construction machinery and equipment, in the PRC
Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd. ("**Zhongjian Tat Hong**")	The PRC 4 July 2007	Limited liability company	USD 13,000,000	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	USD 27,300,000	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	RMB 20,000,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC
Tat Hong Belt Road Pte. Ltd. ("**Tat Hong Belt Road**")	Singapore 21 August 2017	Limited liability company	SGD 10	100.00%	–	Installation, maintenance and leasing of construction machinery and equipment, in Singapore
Chongqing Tat Hong Machinery Construction Co., Ltd. ("**Chongqing Tat Hong**")	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	RMB 29,660,000	–	100.00%	Installation, maintenance and leasing of construction machinery and equipment, in the PRC

As at 31 March 2021, equity shares of certain subsidiaries were pledged for bank borrowings of the Group. See Note 31 for further details.

17 PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Machinery RMB'000	Transportation RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
As at 31 March 2019 and 1 April 2019							
Cost	–	1,734,253	8,282	6,527	10,491	7,754	1,767,307
Accumulated depreciation	–	(604,207)	(5,424)	(4,792)	(6,449)	–	(620,872)
Net book amount	–	1,130,046	2,858	1,735	4,042	7,754	1,146,435
Year ended 31 March 2020							
Opening net book amount	–	1,130,046	2,858	1,735	4,042	7,754	1,146,435
Additions	7,901	188,167	1,645	1,414	1,915	3,792	204,834
Transfer from right-of-use assets	–	21,158	–	–	–	–	21,158
Disposals	–	(11,265)	(47)	(158)	(621)	(2,612)	(14,703)
Depreciation	(237)	(199,039)	(721)	(549)	(1,225)	–	(201,771)
Transfer	–	4,683	–	–	–	(4,683)	–
Net book amount	7,664	1,133,750	3,735	2,442	4,111	4,251	1,155,953
As at 31 March 2020							
Cost	7,901	1,823,485	9,452	7,542	11,786	4,251	1,864,417
Accumulated depreciation	(237)	(689,735)	(5,717)	(5,100)	(7,675)	–	(708,464)
Net book amount	7,664	1,133,750	3,735	2,442	4,111	4,251	1,155,953
Year ended 31 March 2021							
Opening net book amount	7,664	1,133,750	3,735	2,442	4,111	4,251	1,155,953
Additions	3,808	183,518	2,573	1,437	994	10,814	203,144
Disposals	–	(24,944)	(175)	(89)	(47)	(2,224)	(27,479)
Depreciation	(416)	(191,496)	(982)	(633)	(1,541)	–	(195,068)
Transfer	530	4,650	–	236	633	(6,049)	–
Net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550
As at 31 March 2021							
Cost	12,240	1,850,057	10,273	8,439	12,953	6,792	1,900,754
Accumulated depreciation	(654)	(744,579)	(5,122)	(5,046)	(8,803)	–	(764,204)
Net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550

17 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Cost of sales	**191,710**	199,157
General and administrative expenses	**1,971**	2,580
Research and development expenses	**1,381**	34
Selling and distribution expenses	**6**	—
	195,068	201,771

As at 31 March 2021, the Group pledged machineries with carrying amount of approximately RMB976,568,000 for the lease liabilities (Note 18) and bank borrowings of the Group (Note 31).

As at 31 March 2020, the Group pledged machineries with carrying amount of approximately RMB965,532,000 for the lease liabilities (Note 18), bank borrowings of the Group (Note 31) and the syndicated bank borrowings ("**Syndication Loan**") borrowed by THSC Investments Pte. Ltd. ("**THSC**") (Note 37). On 24 December 2020, the pledge provided for the Syndication Loan has been released.

18 LEASES

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

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

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Right-of-use assets		
Land-use rights	**13,018**	14,493
Machinery	**51,438**	32,562
Office	**13,854**	4,914
Warehouse	**15,116**	18,738
Others	**975**	1,306
	94,401	72,013
Lease liabilities		
Current	**33,013**	24,590
Non-current	**34,177**	27,351
	67,190	51,941

18 LEASES *(Continued)*

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

Additions to the right-of-use assets during the years ended 31 March and 2021 were RMB55,864,000 (2020: RMB34,756,000).

As at 31 March 2021, the lease liabilities of RMB14,237,000 were secured by the pledge of machinery with carrying value of RMB14,237,000 (2020: RMB14,839,000).

As at 31 March 2020, the lease liabilities were amounted to RMB9,731,000 and guaranteed by one of the senior management. Tat Hong Zhaomao had entered into an agreement with that senior management, pursuant to which Tat Hong Zhaomao agreed to compensate the senior management for any potential loss incurred by the senior management in relation to the guarantee provided. On 10 December 2020, such guarantee provided for the lease liabilities had been released.

(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	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	**423**	329
Machinery	**24,468**	23,278
Office	**4,550**	4,598
Warehouse	**2,973**	3,183
Others	**9**	996
	32,423	32,384
Interest expense (included in finance costs)	**4,064**	4,802

The total cash outflow for leases of the years ended 31 March 2021 were RMB49,252,000 (2020: RMB58,807,000).

19 INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Capitalised development costs RMB'000	Total RMB'000
As at 31 March 2019 and 1 April 2019				
Cost	8,419	29,251	8,669	46,339
Accumulated amortisation	(2,856)	(4,516)	—	(7,372)
Net book amount	5,563	24,735	8,669	38,967
Year ended 31 March 2020				
Opening net book amount	5,563	24,735	8,669	38,967
Additions	74	—	39	113
Amortisation charge (Note 9)	(937)	(3,606)	—	(4,543)
Transfer	453	7,403	(7,856)	—
Net book amount	5,153	28,532	852	34,537
As at 31 March 2020				
Cost	8,946	36,654	852	46,452
Accumulated amortisation	(3,793)	(8,122)	—	(11,915)
Net book amount	5,153	28,532	852	34,537
Year ended 31 March 2021				
Opening net book amount	5,153	28,532	852	34,537
Amortisation charge (Note 9)	(831)	(3,672)	—	(4,503)
Transfer	852	—	(852)	—
Net book amount	5,174	24,860	—	30,034
As at 31 March 2021				
Cost	9,798	36,654	—	46,452
Accumulated amortisation	(4,624)	(11,794)	—	(16,418)
Net book amount	5,174	24,860	—	30,034

19 INTANGIBLE ASSETS *(Continued)*

Amortisation of the intangible assets has been recognised as follows:

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Cost of sales	**4,251**	4,132
General and administrative expenses	**252**	411
	4,503	4,543

Impairment tests for capitalised development costs

Capitalised development costs are assets other than goodwill that contribute to the future cash flows of the Group of cash-generating units ("**CGUs**", each tower crane is a CGU) under review and other cash-generating units. The Group carried out its impairment test on capitalised development costs by comparing the recoverable amount of group of CGUs to the carrying amount. Management applied value-in-use method to calculate the recoverable amount of group of CGUs. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period stated below as sales volume annual growth rate. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below as long-term growth rate.

The following table sets out the key assumptions for the Group of CGUs:

	Year ended 31 March 2020
Sales volume (% annual growth rate)	15
Gross margin (% of revenue)	34
Long term growth rate (%)	7
Pre-tax discount rate (%)	16

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determining values**
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Gross margin	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

The recoverable amount of the capitalised development costs is estimated to exceed the carrying amount of the CGU at 31 March 2020 by RMB345,980,000.

19 INTANGIBLE ASSETS *(Continued)*

The recoverable amount of the CGU would equal its carrying amount if any one of these key assumptions were to change as follows:

	Year ended 31 March 2020
Sales volume (% annual growth rate)	7
Gross margin (% of revenue)	29
Pre-tax discount rate (%)	22

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

20 OTHER NON-CURRENT ASSETS

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Deposits	**25,883**	25,929
Prepayments for non-current assets	**20,935**	—
	46,818	25,929

21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Financial assets at fair value through profit or loss	**200,816**	—
Financial assets at fair value through other comprehensive income	**14,058**	11,095
Financial assets at amortised cost:		
Trade receivables	**454,428**	361,875
Other receivables	**16,330**	36,029
Cash and cash equivalents	**149,515**	44,430
	620,273	442,334
	835,147	453,429

21 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**169,623**	151,981
Other payables and accruals (excluding other tax payables, payroll and welfare payables, and dividend payable)	**37,776**	470,005
Borrowings	**482,628**	141,115
Lease liabilities	**67,190**	51,941
	757,217	815,042

22 INVENTORIES

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Accessories	**21,022**	13,741

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB22,380,000 for the years ended 31 March 2021 (2020: RMB15,348,000).

23 TRADE RECEIVABLES

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Accounts receivable	**460,123**	368,592
Less: provision for impairment	**(5,695)**	(6,717)
	454,428	361,875

The majority of the Group's receivables are with credit term from 30 days to 90 days. At 31 March 2020 and 2021, the aging analysis of the trade receivables, based on due date, was as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Accounts receivable		
Within credit term	**96,531**	82,452
Less than 180 days past due	**203,899**	174,397
181 days to 365 days past due	**75,201**	57,027
1 to 2 years past due	**58,850**	42,601
More than 2 years past due	**25,642**	12,115
	460,123	368,592

23 TRADE RECEIVABLES *(Continued)*

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 2021, the Group pledged accounts receivables with carrying amount of approximately RMB20,000,000 for the bank borrowings of the Group (Note 31).

The Group's trade receivables were denominated in RMB.

24 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Recoverable value–added tax ("**VAT**")	**26,483**	29,509
Prepayments to vendors	**16,586**	4,456
Staff advances	**16,001**	11,354
Prepayments to related parties (Note 37)	**8,480**	1,703
Insurance claim receivables	**4,881**	4,428
Receivables for labour costs	**5,976**	7,604
Receivables for disposal of property, plant and equipment (Note 35)	**5,473**	—
Prepaid expenses	**3,900**	8,085
Loans to a related party (Note 33)	**—**	23,976
Amounts due from related parties	**—**	21
Others	**68**	1,958
	87,848	93,094
Less: prepayments for non-current assets (Note 20)	**(20,935)**	—
	66,913	93,094

The carrying amounts of other receivables approximate their fair values.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Commercial acceptance notes	**12,292**	10,395
Bank acceptance notes	**1,766**	700
	14,058	11,095

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Structured deposits	**200,766**	—
Others	**50**	—
	200,816	—

(i) Amounts recognised in profit or loss

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Net profit on structured deposits	**766**	—

(ii) Risk exposure and fair value measurements

The fair value of the structured deposits is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The structured deposits are principal guaranteed and the yield are linked to the exchange rate.

27 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Cash and bank balances	**149,515**	44,430

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
RMB	**131,363**	29,957
SGD	**9,552**	1,602
HKD	**8,491**	—
USD	**109**	12,871
	149,515	44,430

28 SHARE CAPITAL

Share capital as at 31 March 2020 and 2021, represented the share capital of the Group.

	Number of Shares Authorised '000	Number of Shares Issued '000	Share Capital USD'000	Share Capital RMB'000
As at 31 March 2020 (ordinary shares of USD0.08 each)	1,875,000	875,151	70,012	441,458

	Number of Shares Authorised '000	**Number of Shares Issued '000**	**Share Capital USD'000**	**Share Capital RMB'000**
As at 31 March 2021 (ordinary shares of USD0.08 each)	**1,875,000**	**1,166,871**	**93,350**	**593,026**

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**441,458**	441,458
Issue of shares	**151,568**	—
At the end of the year	**593,026**	441,458

28 SHARE CAPITAL *(Continued)*

On 28 November 2019, the Board of Directors resolved that the Company split the issued shares with a share split ratio of 1:12.5. Therefore, the number of issued and outstanding shares was adjusted from 70,012,000 to 875,151,250 while the par value decreased from USD1 each to USD0.08 each. The total share capital remained unchanged.

On 13 January 2021, the Company issued 291,720,000 new ordinary shares at USD0.08 each with HKD1.73 per share and raised gross proceeds of approximately HKD504,675,600 (equivalent to RMB422,817,000). The excess over the par value of USD23,337,600 (equivalent to RMB151,568,000) net of the transaction costs of approximately RMB14,872,000 was credited to share premium with an amount of RMB256,377,000.

29 RESERVES

Reserves of the Group during the years ended 31 March 2020 and 2021 comprised of share premium, capital reserve, statutory reserve and translation reserve.

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

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.

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.

30 DEFERRED INCOME TAX

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

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Deferred income tax assets:		
to be recovered within 12 months	**15,728**	17,695
to be recovered after more than 12 months	**14,298**	13,175
Total deferred tax assets	**30,026**	30,870
Set-off with deferred tax liabilities	**(30,026)**	(30,870)
Net deferred income tax assets	**–**	–

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Deferred income tax liabilities:		
to be recovered within 12 months	**27,423**	24,406
to be recovered after more than 12 months	**86,640**	73,869
Total deferred tax liabilities	**114,063**	98,275
Set-off with deferred tax assets	**(30,026)**	(30,870)
Net deferred income tax liabilities	**84,037**	67,405

30 DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accrued expenses RMB'000	Provisions 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 2019	3,198	13,787	16,234	1,952	504	11,288	46,963
Recognised in the profit or loss	(1,742)	(193)	(7,952)	594	(154)	(6,646)	(16,093)
At 31 March 2020	1,456	13,594	8,282	2,546	350	4,642	30,870
Recognised in the profit or loss	534	(1,458)	4,786	(64)	—	(4,642)	(844)
At 31 March 2021	1,990	12,136	13,068	2,482	350	—	30,026

	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 2019	(77,660)	(16,203)	(145)	(334)	(94,342)
Recognised in the profit or loss	(2,687)	7,080	(4,033)	(4,293)	(3,933)
At 31 March 2020	(80,347)	(9,123)	(4,178)	(4,627)	(98,275)
Recognised in the profit or loss	(10,322)	(5,088)	(378)	—	(15,788)
At 31 March 2021	(90,669)	(14,211)	(4,556)	(4,627)	(114,063)

30 DEFERRED INCOME TAX *(Continued)*

The expiration of tax losses carried forward for which deferred income tax assets is not recognised is as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Tax losses expiring within 1 years	**2,723**	23,390
Tax losses expiring between 1–2 years	**770**	2,723
Tax losses expiring between 2–3 years	**7,089**	770
Tax losses expiring between 3–4 years	**11,104**	7,676
Tax losses expiring between 4–5 years	**14,317**	11,104
	36,003	45,663

Unrecognised temporary differences are as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Temporary difference for which no deferred tax asset was recognised:		
— Capitalised cost	**2,238**	1,229
Unrecognised deferred tax asset relating to the above temporary difference	**560**	307
Temporary difference for which no deferred tax liability was recognised:		
— Withholding tax for distributable retained profits of the Company's subsidiaries in the PRC	**178,627**	49,822
Unrecognised deferred tax liability relating to the above temporary difference	**17,863**	4,982

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.

31 BORROWINGS

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Non-current		
Bank borrowings — Secured	**356,696**	93,907
Current		
Bank borrowings — Secured	**124,932**	47,208
Bank borrowings — Unsecured	**1,000**	—
Total borrowings	**482,628**	141,115

As at 31 March 2020 and 2021, the Group's borrowings were repayable as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**125,932**	47,208
Between 1 and 2 years	**78,932**	26,252
Between 2 and 5 years	**277,764**	67,655
	482,628	141,115

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

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
SGD	**329,323**	48,692
RMB	**153,305**	92,423
	482,628	141,115

The weighted average effective interest rates per annum for the years ended 31 March 2020 and 2021 were as follows:

	Year ended 31 March	
	2021	2020
SGD	**3.5%**	4.8%
RMB	**6.1%**	6.2%

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

31 BORROWINGS *(Continued)*

Secured borrowings are pledged or guaranteed by the followings (Note 16, Note 17 and Note 23):

(i) As at 31 March 2021, the syndicated bank borrowings of RMB288,229,000 were secured by the pledge of the equity shares of certain subsidiaries, including 100% of Tat Hong Zhaomao, 63% of Hengxingmao, 42% of Zhongjian Tat Hong and 41% of Huaxing Tat Hong.

The borrowings of RMB41,094,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB60,229,000.

The borrowings of RMB32,500,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and Tat Hong Zhaomao, and the Company, and secured by the pledge of machinery with carrying value of RMB820,710,000 and equity shares of certain subsidiaries, including 100% of Changzhou Tat Hong, 59% of Huaxing Tat Hong, 37% of Hengxingmao and 58% of Zhongjian Tat Hong.

The borrowings of RMB19,443,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB25,385,000.

The borrowings of RMB49,362,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB56,007,000.

The borrowings of RMB20,000,000 were guaranteed by the Company, and secured by the same amount of accounts receivable of third-party.

The borrowings of RMB25,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB6,000,000 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.

(ii) As at 31 March 2020, the borrowings of RMB48,693,000 were guaranteed by the Company and THSC, and secured by the pledge of machinery with carrying value of RMB60,565,000.

The borrowings of RMB40,890,000 were guaranteed by certain subsidiaries including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Tat Hong Zhaomao and related parties of the Group, including Tat Hong Holdings Ltd. ("**THH**"), Tat Hong Plant Leasing Pte. Ltd. ("**THPL**"), Tat Hong International Pte Ltd. ("**THI**"), Tat Hong HeavyEquipment (Pte.) Ltd. ("**THHE**"), THEC, BT Equipment Pty Ltd. ("**BTE**"), Muswellbrook Crane Services Pty Ltd. ("**MWB**"), Tutt Bryant Group Limited. ("**TBG**"), Tutt Bryant Hire Pty Ltd. ("**TBH**"), Tat Hong HeavyEquipment (Hong Kong) Limited ("**THHK**") and Tat Hong Plant Hire Sdn. Bhd. ("**THPH**"), and secured by the pledge of machinery with carrying value of RMB863,793,000 and equity shares of certain subsidiaries, including 100% of Changzhou Tat Hong, 59% of Huaxing Tat Hong, 37% of Hengxingmao and 58% of Zhongjian Tat Hong.

The borrowings of RMB21,532,000 were guaranteed by the Company and THH, and secured by the pledge of machinery with carrying value of RMB26,335,000.

The borrowings of RMB20,000,000 were guaranteed by Tat Hong Zhaomao.

31 BORROWINGS *(Continued)*

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

32 TRADE AND BILLS PAYABLES

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Accounts payable	**132,815**	128,979
Bills payable	**36,808**	23,002
	169,623	151,981

As at 31 March 2020 and 2021, the aging analyses 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	
	2021	2020
	RMB'000	RMB'000
Within 3 months	**102,959**	34,642
Between 3 months and 1 year	**21,170**	85,531
Between 1 year and 2 years	**6,041**	5,979
Between 2 years and 3 years	**966**	1,888
Between 3 years and 5 years	**1,407**	921
Over 5 years	**272**	18
	132,815	128,979

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

33 OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Non-current		
Loans from a related party (i)	**–**	428,209
Current		
Other taxes payable	**20,329**	29,690
Accrued expenses	**32,905**	37,649
Payroll and welfare payables	**8,187**	10,592
Interest payables	**2,425**	973
Amounts due to related parties	**–**	633
Others	**2,446**	2,541
	66,292	82,078
	66,292	510,287

(i) As at 31 March 2020 and 2021, the Group's loans from a related party were repayable as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**–**	–
Between 1 and 2 years	**–**	216,021
Between 2 and 5 years	**–**	212,188
	–	428,209

Analysis of the carrying amounts of the Group's loans from a related party by denomination was as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
SGD	**–**	46,585
USD	**–**	134,050
RMB	**–**	247,574
	–	428,209

33 OTHER PAYABLES AND ACCRUALS *(Continued)*

(a) As at 31 March 2020, certain loans from a related party with amounts of RMB135,643,000 were borrowed through cash pooling arrangement with weighted average interest rates of approximately 5.06% per annum, which was participated by certain subsidiaries of the Company and THEC. In addition, certain loans from a related party with amounts of RMB97,003,000 were interest free. The remaining loans from a related party bore weighted average interest rates of approximately 4.84% per annum during the years ended 31 March 2020.

(b) In May 2020, the Group and THEC entered into an agreement to offset the loans to THEC and loans from THEC amounting to RMB23,232,000, after which the remaining balance of loan from THEC was RMB393,617,000. Subsequently, the Group borrowed the syndicated bank borrowings amounting to SGD78,684,000, equivalent to RMB393,617,000, to repay the Group's loans from THEC with same amount, through settlement by the banks to THEC directly.

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

34 PROVISIONS

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Non-current		
Decommissioning liabilities	**23,770**	29,367
Current		
Decommissioning liabilities	**28,946**	31,584

The movement of the provisions is as follows:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
At the beginning of the year	**60,951**	66,442
Provisions for decommissioning liabilities	**84,367**	79,652
Incurred and charged against the provision	**(92,602)**	(85,143)
At the end of the year	**52,716**	60,951

35 CASH GENERATED FROM OPERATIONS

	Year ended 31 March 2021 RMB'000	2020 RMB'000
Profits before income tax	**135,909**	111,208
Adjustment for:		
Depreciation of property, plant, and equipment and right-of-use assets and amortisation of intangible asset	**231,994**	238,698
Gains on disposal of property, plant and equipment and right-of-use assets	**(372)**	(280)
Fair value gains on financial assets at fair value through profit or loss	**(766)**	—
Finance income and costs	**13,240**	32,661
(Reversal of)/provision for financial assets and contract assets	**(1,711)**	5,464
Net exchange differences	**1,702**	(184)
Operating profit before changes in working capital	**379,996**	387,567
Changes in working capital:		
Increase in inventories	**(7,281)**	(2,715)
Increase in contract assets	**(36,655)**	(38,835)
Increase in trade receivables	**(91,919)**	(98,297)
Increase in financial assets at fair value through other comprehensive income	**(2,963)**	(2,135)
(Increase)/decrease in other operating assets	**(4,210)**	25,817
Increase/(decrease) in trade and bills payables	**58,232**	(27,035)
Decrease in contract liabilities	**(870)**	(3,766)
Increase/(decrease) in other operating liabilities	**17,827**	(8,719)
Cash generated from operations	**312,157**	231,882

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 2021 RMB'000	2020 RMB'000
Net book amount	**28,532**	14,703
Gains on disposal of property, plant and equipment and right-of-use assets	**372**	280
Receivables for disposal of property, plant and equipment	**(5,473)**	—
Proceeds from disposals of property, plant and equipment and right-of-use assets	**23,431**	14,983

35 CASH GENERATED FROM OPERATIONS *(Continued)*

(a) Non-cash investing and financing activities

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Offsetting loans from a related party and loans to a related party (Note 33)	**23,232**	—
Settlement of loans from a related party by raising syndicated bank borrowings (Note 33)	**393,617**	—
	416,849	—

(b) Net debt reconciliation

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Cash and cash equivalents	**149,515**	44,430
Borrowings	**(482,628)**	(141,115)
Loans from a related party	**—**	(428,209)
Lease liabilities	**(67,190)**	(51,941)
Net debt	**(400,303)**	(576,835)

	Cash and cash equivalents	**Borrowings**	**Loans from a related party**	**Lease liabilities**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 31 March 2019	36,911	(64,000)	(447,642)	(74,944)	(549,675)
Cash flows	7,335	(78,720)	27,202	44,566	383
Acquisitions and other non-cash movement	—	—	—	(21,563)	(21,563)
Foreign exchange adjustments	184	1,605	(7,769)	—	(5,980)
Net debt as at 31 March 2020	44,430	(141,115)	(428,209)	(51,941)	(576,835)
Cash flows	106,787	41,315	10,371	31,831	190,304
Acquisitions and other non-cash movement (i)	—	(393,617)	416,849	(47,080)	(23,848)
Foreign exchange adjustments	(1,702)	10,789	989	—	10,076
Net debt as at 31 March 2021	149,515	(482,628)	—	(67,190)	(400,303)

(i) Please refer to Note 33 (b) and Note 35 (a) above for details.

36 COMMITMENTS

(i) Capital commitments

As at 31 March 2020 and 2021, the Group had the following capital commitments:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Contracted but not provided for		
— Property, plant and equipment	**394**	8,619

(ii) Lease commitments

As at 31 March 2020 and 2021, the Group had the following lease commitments:

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
No later than 1 year	**11,745**	5,704

37 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the financial years:

Name of related parties	Relationship with the Company
Chwee Cheng & Sons Pte. Ltd.	Ultimate parent company
THEC	Intermediate parent company
THSC	Intermediate parent company
THH	Intermediate parent company
China Nuclear Industry Huaxing Construction Co., Ltd. ("China Nuclear Industry)	Controlled by a director of the Company
THHE	Under common control by THH
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. ("Beijing Tat Hong")	Under common control by THH
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co., Ltd. ("Tat Hong Zhiyuan")	Under common control by THH
Sichuan Tat Hong Yuan Zheng Machinery Construction Co., Ltd. ("Sichuan Tat Hong")	Under common control by THH
PT Tatindo HeavyEquipment ("PT Tatindo")	Under common control by THH
Yongmao Holdings Limited ("Yongmao")	Associate of THH
Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao")	Controlled by Yongmao
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao")	Controlled by Yongmao
THPL (i)	Under common control by THH
THI (i)	Under common control by THH
THHK (i)	Under common control by THH
THPH (i)	Under common control by THH
TBG (i)	Under common control by THH
BTE (i)	Under common control by THH
MWB (i)	Under common control by THH
TBH (i)	Under common control by THH

(i) Mr. Ng San Tiong, the chairman of the Board of Directors of the Company, is also a director of these related parties.

37 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties

Except for those disclosed elsewhere in notes to the consolidated financial statements, other significant related party transactions of the Group are listed as follows:

(i) Services provided to related parties

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Controlled by a director of the Company	**47,845**	36,762
Controlled by Yongmao	**228**	183
	48,073	36,945

(ii) Machineries and consumables purchased from related parties

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Controlled by Yongmao	**31,416**	67,074

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

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Controlled by Yongmao	**679**	—
Under common control by THH	**—**	2,744
	679	2,744

(iv) Loans to a related party

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Intermediate parent company	**—**	9,649

(v) Loans from a related party

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Intermediate parent company	**21,437**	61,398

37 RELATED PARTY TRANSACTIONS *(Continued)*

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

(vi) Repayment of loans from a related party

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Intermediate parent company	**31,808**	88,600

(vii) Rental expenses

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Controlled by Yongmao	**302**	4,928
Under common control by THH	**46**	35
	348	4,963

(viii) Interest income

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Loans to a related party		
— Intermediate parent company	**89**	702

(ix) Interest expenses

	Year ended 31 March	
	2021	2020
	RMB'000	RMB'000
Loans from a related party		
— Intermediate parent company	**1,627**	16,004

(x) Guarantees

As at 31 March 2020, the Syndication Loan borrowed by THSC amounting to SGD430,000,000 was secured by the pledges of the Group's property, plant and equipment with carrying amounts of RMB863,793,000, pledges of the equity shares of the Group's subsidiaries, including 100% of Changzhou Tat Hong, 59% of Huaxing Tat Hong, 37% of Hengxingmao and 58% of Zhongjian Tat Hong, and the guarantees provided by the Group's subsidiaries including Hengxingmao, Huaxing Tat Hong and Zhongjian Tat Hong, together with the guarantees and pledges provided by other related parties of the Group.

On 24 December 2020, all guarantee and pledges provided for the Syndication Loan by the Group has been released.

37 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Terms and conditions

The interest rate per annum on the loans to a related party was 4.35% during the years ended 31 March 2020 and 2021.

As at 31 March 2020, certain loans from a related party with amounts of RMB97,003,000 were interest free. The remaining loans from a related party bore weighted average interest rates of approximately 4.84% and 4.82% per annum during the years ended 31 March 2020 and 2021, respectively. As at 31 March 2020, the Group has an irrevocable right to extend the loan at its sole discretion. The loans from a related party were not secured.

(d) Balances with related parties

(i) Receivables from related parties

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Trade		
Contract assets		
— Controlled by a director of the Company	**17,330**	16,291
Accounts receivable		
— Controlled by a director of the Company	**23,755**	15,848
— Controlled by Yongmao	**249**	—
	24,004	15,848

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Trade		
Bills receivable		
— Controlled by a director of the Company	**—**	1,270
Non-trade		
Other receivables		
— Under common control by THH	**—**	21

(ii) Prepayments to related parties

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Trade		
Controlled by Yongmao	**8,480**	1,703

37 RELATED PARTY TRANSACTIONS *(Continued)*

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

(iii) Loans to a related party

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Non-trade		
Intermediate parent company	**–**	23,976

(iv) Loans from a related party

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Non-trade		
Intermediate parent company	**–**	428,209

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

(v) Payables to related parties

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
Trade		
Accounts payable		
— Controlled by Yongmao	**9,053**	47,341
— Under common control by THH	**27**	—
— Controlled by a director of the Company	**202**	—
	9,282	47,341
Non-Trade		
Other payables and accruals		
— Controlled by Yongmao	**–**	633

(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	
	2021	2020
	RMB'000	RMB'000
Salaries, bonus and other welfare	**10,871**	6,305

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 March	
	2021	2020
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Prepayments and other receivables	**168,382**	—
Investment in subsidiaries	**894,842**	894,842
	1,063,224	894,842
Current asset		
Prepayments and other receivables	**66,251**	10,120
Financial assets at fair value through profit or loss	**200,766**	—
Cash and cash equivalents	**127,352**	12,869
	394,369	22,989
Total assets	**1,457,593**	917,831
LIABILITIES		
Non-current liabilities		
Other payables and accruals	**—**	132,997
Borrowings	**245,150**	—
	245,150	132,997
Current liabilities		
Other payables and accruals	**5,033**	9,761
Borrowings	**43,079**	—
	48,112	9,761
Total liabilities	**293,262**	142,758
EQUITY		
Share capital	**593,026**	441,458
Share premium (Note (a))	**631,313**	374,936
Accumulated losses (Note (a))	**(60,008)**	(41,321)
Total equity	**1,164,331**	775,073
Total equity and liabilities	**1,457,593**	917,831

The balance sheet of the Company were approved by the Board of Directors on 25 June 2021 and were signed on its behalf.

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

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

Note (a) Reserve movement of the Company

	Share premium	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
At 1 April 2019	374,936	(15,617)	359,319
Profit for the year	—	(17,837)	(17,837)
Dividends (Note 14)	—	(7,867)	(7,867)
At 31 March 2020	374,936	(41,321)	333,615
At 1 April 2020	374,936	(41,321)	333,615
Profit for the year	—	(11,041)	(11,041)
Dividends (Note 14)	—	(7,646)	(7,646)
Issue of shares (Note 28)	256,377	—	256,377
At 31 March 2021	631,313	(60,008)	571,305

4-Year Financial Summary

A summary of the results and of the assets, equity and liabilities of the Group for the last four financial years, as extracted from the published audited consolidated financial statements and the prospectus of the Company dated 30 December 2020, is set out below:

RESULTS

	As at 31 March			
	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Results				
Revenue	**792,959**	744,921	656,003	549,127
Gross profit	**273,283**	253,238	181,900	135,545
Profit before income tax	**135,909**	111,208	86,992	54,598
Income tax expense	**(34,674)**	(34,749)	(18,656)	(3,529)
Profit for the year	**101,235**	76,459	68,336	51,069

ASSETS AND LIABILITIES

Assets				
Non-current assets	**1,340,719**	1,311,292	1,346,414	1,428,408
Current assets	**1,141,021**	731,210	602,507	471,853
Total assets	**2,481,740**	2,042,502	1,948,921	1,900,261
Equity and liabilities				
Total equity	**1.550,929**	1,049,627	981,002	916,433
Non-current liabilities	**498,680**	646,239	598,400	370,912
Current liabilities	**432,131**	346,636	369,519	612,916
Total liabilities	**930,811**	992,875	967,919	983,828
Total equity and liabilities	**2,481,740**	2,042,502	1,948,921	1,900,261