

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

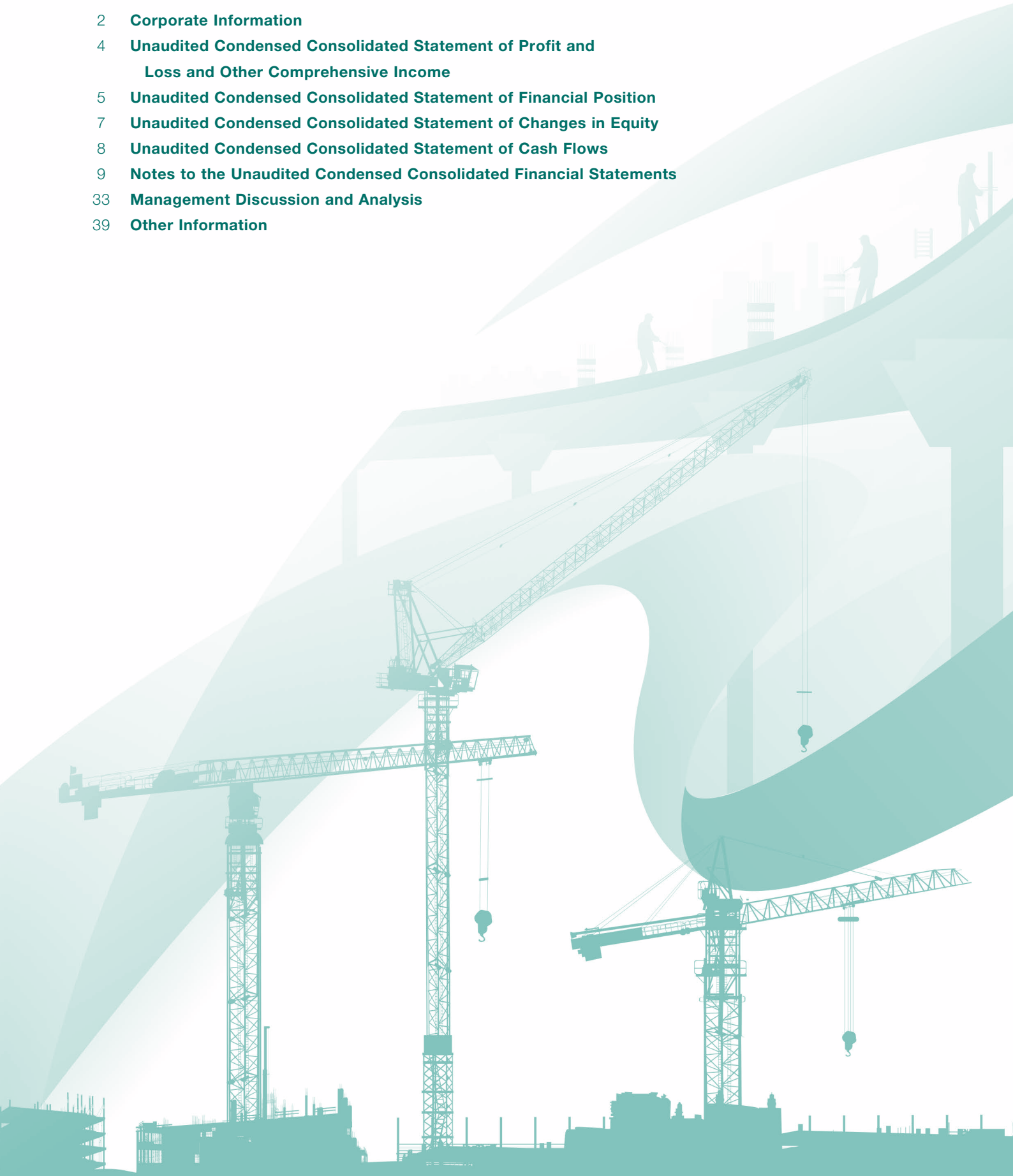
2022/2023

INTERIM REPORT



CONTENTS

2	Corporate Information
4	Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income
5	Unaudited Condensed Consolidated Statement of Financial Position
7	Unaudited Condensed Consolidated Statement of Changes in Equity
8	Unaudited Condensed Consolidated Statement of Cash Flows
9	Notes to the Unaudited Condensed Consolidated Financial Statements
33	Management Discussion and Analysis
39	Other Information



Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yau Kok San (*Chief Executive Officer*)

Mr. Lin Han-wei (*Chief Operating Officer*)

NON-EXECUTIVE DIRECTORS

Mr. Ng San Tiong (*Chairman*)

Mr. Sun Zhaolin

Mr. Liu Xin

Mr. Guo Jinjun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wan Kum Tho

Dr. Huang Chao-Jen

Ms. Pan I-Shan

AUDIT COMMITTEE

Ms. Pan I-Shan (*Chairlady*)

Mr. Wan Kum Tho

Dr. Huang Chao-Jen

REMUNERATION COMMITTEE

Mr. Wan Kum Tho (*Chairman*)

Ms. Pan I-Shan

Dr. Huang Chao-Jen

NOMINATION COMMITTEE

Mr. Ng San Tiong (*Chairman*)

Mr. Wan Kum Tho

Dr. Huang Chao-Jen

COMPANY SECRETARY

Ms. Chan Tsz Yu (*Resigned on 29 June 2022*)

Ms. Oh Sim Yee (*Appointed on 29 June 2022*)

AUTHORISED REPRESENTATIVES

Mr. Yau Kok San

Ms. Chan Tsz Yu (*Resigned on 29 June 2022*)

Ms. Oh Sim Yee (*Appointed on 29 June 2022*)

LEGAL ADVISER

TC & Co., Solicitors, Hong Kong

Units 2201-3, 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

No. 248 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 601, Building 8, PortMix

No. 2377 Shenkun Road

Minhang District

Shanghai, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

United Overseas Bank (China) Limited

No. 116/128 Yincheng Road
Pudong New Area, Shanghai, PRC

OCBC Wing Hang Bank (China) Limited

OCBC Bank Tower
No. 1155 Yuanshen Road
Pudong New District
Shanghai, PRC

Standard Chartered Bank (Singapore) Limited

8 Marina Boulevard, #27-01
Marina Bay Financial Centre
Singapore 018981

Bank of China (Hong Kong) Limited

13/F, Metroplaza Tower 1
223 Hing Fong Road
Kwai Chung, N.T.
Hong Kong

China Merchants Bank

No. 762, Tianshan Road
Shanghai, PRC

COMPANY'S WEBSITE

www.tathongchina.com

STOCK CODE

2153

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

For the six months ended 30 September 2022

		Six months ended 30 September	
		2022	2021
	Note	RMB'000	RMB'000
Revenue	7	387,401	415,599
Cost of sales		(311,879)	(296,148)
Gross profit		75,522	119,451
Selling and distribution expenses		(7,635)	(8,500)
General and administrative expenses		(41,343)	(46,653)
Research and development expenses		(12,217)	(12,847)
(Provision for)/Reversal of financial assets and contract assets	5.1	(5,166)	20
Other income		3,497	10,696
Other (losses)/gains — net		(265)	987
Operating profit		12,393	63,154
Finance costs	8	(56,083)	(12,393)
Finance income	8	263	433
(Loss)/Profit before income tax		(43,427)	51,194
Income tax credit/(expense)	9	1,547	(12,706)
(Loss)/Profit for the period		(41,880)	38,488
(Loss)/Profit for the period attributable to:			
Owners of the Company		(41,880)	38,488
Other comprehensive income, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		2	238
Other comprehensive income for the period, net of tax		2	238
Total comprehensive (loss)/income for the period, net of tax		(41,878)	38,726
Basic and diluted (losses)/earnings per share	11	(0.04)	0.03

The notes on page 9 to 32 are an integral part of these unaudited consolidated financial statements.

The financial statements were approved by the Board of Directors on 25 November 2022 and were signed on its behalf.

Yau Kok San
Director

Lin Han-wei
Director

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2022

		As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,617,867	1,560,462
Right-of-use assets	13	100,945	81,185
Intangible assets	14	23,321	25,569
Contract assets	6	47,327	27,296
Other non-current assets		36,070	31,528
Total non-current assets		1,825,530	1,726,040
Current assets			
Inventories		26,709	33,813
Contract assets	6	292,890	285,144
Trade receivables	15	673,872	582,184
Prepayments and other receivables		105,728	96,232
Financial assets at fair value through other comprehensive income		36,992	25,363
Cash and cash equivalents		151,687	169,858
Total current assets		1,287,878	1,192,594
Total assets		3,113,408	2,918,634

The notes on page 9 to 32 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2022

		As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	18	574,182	474,873
Lease liabilities	13	37,112	34,375
Deferred income tax liabilities		67,740	70,706
Provisions		28,203	28,144
Total non-current liabilities		707,237	608,098
Current liabilities			
Trade and bills payables	19	489,450	431,444
Contract liabilities	6	12,617	15,060
Other payables and accruals		68,865	68,315
Borrowings	18	261,160	167,093
Lease liabilities	13	34,998	24,353
Provisions		28,038	34,438
Total current liabilities		895,128	740,703
Total liabilities		1,602,365	1,348,801
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	16	593,026	593,026
Reserves	17	503,935	520,845
Retained earnings		414,082	455,962
Total equity		1,511,043	1,569,833
Total equity and liabilities		3,113,408	2,918,634

The notes on page 9 to 32 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Attributable to owners of the Company						Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
At 1 April 2021	593,026	256,377	243,605	39,928	(220)	418,213	1,550,929
Profit for the period	—	—	—	—	—	38,488	38,488
Other comprehensive income:							
— Currency translation difference	—	—	—	—	238	—	238
Total comprehensive income	—	—	—	—	238	38,488	38,726
Dividends (Note 10)	—	—	—	—	—	(29,081)	(29,081)
At 30 September 2021	593,026	256,377	243,605	39,928	18	427,620	1,560,574
At 1 April 2022	593,026	198,353	243,605	49,814	29,073	455,962	1,569,833
Loss for the period	—	—	—	—	—	(41,880)	(41,880)
Other comprehensive income:							
— Currency translation difference	—	—	—	—	2	—	2
Total comprehensive loss	—	—	—	—	2	(41,880)	(41,878)
Dividends (Note 10)	—	(16,912)	—	—	—	—	(16,912)
At 30 September 2022	593,026	181,441	243,605	49,814	29,075	414,082	1,511,043

The notes on page 9 to 32 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
Note		RMB'000	RMB'000
Cash flows from operating activities			
		85,718	113,347
		263	433
		(17,516)	(9,273)
		1,106	(11,361)
		69,571	93,146
Cash flows from investing activities			
		(206,931)	(320,219)
		9,667	15,802
		—	200,050
		—	2,003
		(197,264)	(102,364)
Cash flows from financing activities			
		275,702	466,169
		(119,805)	(377,861)
		(17,563)	(18,634)
	10	(29,087)	—
		109,247	69,674
		(18,446)	60,456
		169,858	149,515
		275	(339)
		151,687	209,632

The notes on page 9 to 32 are an integral part of these unaudited consolidated financial statements.

Notes to the Unaudited Condensed 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 Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in one-stop tower crane solution services (including Operating Lease & Hoisting Service) from consultation, technical solution design, commissioning, construction to after-sale service primarily to the State Owned and other contractors in People’s Republic of China (the “**PRC**”). The ultimate parent company of the Group is Chwee Cheng & Sons Pte. Ltd., a company incorporated in Singapore on 22 January 1994 with limited liability.

The Company’s shares have been listed on the Stock Exchange of Hong Kong Limited since 13 January 2021.

These unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors on 25 November 2022.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and requirements of the Hong Kong Companies Ordinance Cap. 622. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2022, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standard adopted by the Group

No new or amended standard has been adopted by the Group for the six months ended 30 September 2022.

Notes to the Unaudited Condensed Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 March 2022 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	Applied when an entity applies "Classification of Liabilities as Current or Non-current – Amendments to HKAS 1"

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 unaudited condensed consolidated financial statements.

4 ESTIMATES

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

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2022.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2022.

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

Notes to the Unaudited Condensed Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, financial assets at fair value through other comprehensive income, contract assets and trade and other receivables. The carrying amounts of trade and other receivables, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

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

(i) Credit risk of cash and cash equivalents

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

(ii) Credit risk of contract assets and trade receivables

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

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

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 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
30 September 2022						
Trade receivables						
Gross carrying amount	137,915	258,568	110,116	122,860	60,998	690,457
Expected loss rate	(0.54%)	(1.46%)	(2.35%)	(2.79%)	(9.85%)	(2.40%)
Loss allowance	(796)	(3,763)	(2,590)	(3,426)	(6,010)	(16,585)
Contract assets – current and non-current						
Gross carrying amount	342,073	–	–	–	–	342,073
Expected loss rate	(0.54%)	–	–	–	–	(0.54%)
Loss allowance	(1,856)	–	–	–	–	(1,856)
	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 2022						
Trade receivables						
Gross carrying amount	138,083	224,863	89,272	98,000	43,848	594,066
Expected loss rate	(0.40%)	(1.22%)	(1.96%)	(2.13%)	(10.81%)	(2.00%)
Loss allowance	(557)	(2,749)	(1,748)	(2,088)	(4,740)	(11,882)
Contract assets – current and non-current						
Gross carrying amount	313,727	–	–	–	–	313,727
Expected loss rate	(0.40%)	–	–	–	–	(0.40%)
Loss allowance	(1,287)	–	–	–	–	(1,287)

Notes to the Unaudited Condensed Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

Credit risk (Continued)

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

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

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Contract assets		
At the beginning of the period	1,287	891
Provision for/(reversal of) previous impairment losses	569	(61)
	<hr/>	<hr/>
At the end of the period	1,856	830
	<hr/>	<hr/>
Trade receivables		
At the beginning of the period	11,882	5,695
Provision for previous impairment losses	4,597	41
Currency translation differences	106	(5)
	<hr/>	<hr/>
At the end of the period	16,585	5,731
	<hr/>	<hr/>

(iii) Credit risk of other receivables

Other receivables mainly comprise deposits and other receivables. The Directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the six months ended 30 September 2022 and the year ended 31 March 2022. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

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

As at 30 September 2022 and 31 March 2022, there was no significant increase in credit risk since initial recognition, the Group assessed that the expected credit losses for these receivables are not material through using the 12 months expected losses method.

Notes to the Unaudited Condensed Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

Credit risk (Continued)

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

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

Liquidity risk

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

	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 30 September 2022					
Borrowings	255,476	117,117	462,749	—	835,342
Trade and bills payables	489,450	—	—	—	489,450
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	16,286	—	—	—	16,286
Interest payable	38,221	29,994	40,327	—	108,542
Lease liabilities	31,637	19,159	19,950	7,175	77,921
	831,070	166,270	523,026	7,175	1,527,541
	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 2022					
Borrowings	167,093	93,184	381,689	—	641,966
Trade and bills payables	431,444	—	—	—	431,444
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	14,874	—	—	—	14,874
Interest payable	26,577	17,711	24,307	—	68,595
Lease liabilities	30,620	16,392	17,358	8,376	72,746
	670,608	127,287	423,354	8,376	1,229,625

Notes to the Unaudited Condensed Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation

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

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at September 30, 2022				
Assets				
Financial assets at fair value through other comprehensive income	—	—	36,992	36,992
As at March 31, 2022				
Assets				
Financial assets at fair value through other comprehensive income	—	—	25,363	25,363

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

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

Fair value		Un-observable	Inputs (probability-weighted average)	
As at	As at		Six months ended	Year ended
30 September	31 March		30 September	31 March
2022	2022		2022	2022
RMB'000	RMB'000			
36,992	25,363	Discount rates quoted in main state-owned banks	2.48%	3.92%

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

Increasing/decreasing the discount rates quoted in main state-owned banks by 0.5% would decrease/increase the fair values as at 30 September 2022 and 31 March 2022 by approximately RMB62,000/RMB 62,000 and RMB75,000/RMB 75,000, respectively.

6 SEGMENT INFORMATION

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

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

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

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

	Six months ended	
	30 September	2021
	2022	
	RMB'000	RMB'000
Customer A	53,557	82,295

Notes to the Unaudited Condensed Consolidated Financial Statements

6 SEGMENT INFORMATION (Continued)

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

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Contract assets		
Non-current	47,576	27,408
Loss allowance	(249)	(112)
	47,327	27,296
Current	294,497	286,319
Loss allowance	(1,607)	(1,175)
	292,890	285,144
Total contract assets	340,217	312,440
	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Contract liabilities		
— Advances from equipments	11,826	11,521
— Advances from operating lease	791	3,539
	12,617	15,060

(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.

	Six months ended 30 September 2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	3,267	5,723

Notes to the Unaudited Condensed Consolidated Financial Statements

6 SEGMENT INFORMATION *(Continued)*

(ii) Unsatisfied performance obligations

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

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
One-stop tower crane solution services	1,062,191	668,331
Dry lease	3,423	3,128
	1,065,614	671,459

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB708,234,000 as of 30 September 2022 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB357,380,000 will be recognised as revenue after 1 year but less than 5 years.

7 REVENUE

An analysis of revenue is as follows:

	Six months ended 30 September 2022 RMB'000	2021 RMB'000
Timing of revenue recognition – Over the time		
One-stop tower crane solution services:		
– Operating Lease	183,044	192,806
– Hoisting Service	203,054	220,460
Dry lease	1,303	2,333
	387,401	415,599

Notes to the Unaudited Condensed Consolidated Financial Statements

8 FINANCE COSTS AND INCOME

	Six months ended 30 September	
	2022 RMB'000	2021 RMB'000
Finance costs:		
Interest expenses on borrowings and loans from a related party	17,132	9,841
Interest expenses on lease liabilities	1,472	1,419
Net exchange losses on foreign currency borrowings and loans from a related party	37,479	1,133
	<hr/>	
Total finance costs	56,083	12,393
	<hr/>	
Finance income:		
Interest income	(263)	(433)
	<hr/>	
Finance costs — net	55,820	11,960
	<hr/>	

9 INCOME TAX (CREDIT)/EXPENSE

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

	Six months ended 30 September	
	2022 RMB'000	2021 RMB'000
Current tax on profits for the period	1,419	10,733
Deferred income tax	(2,966)	1,973
	<hr/>	
Income tax (credit)/expense	(1,547)	12,706
	<hr/>	

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

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

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

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

The estimated average annual tax rate used for the six months ended 30 September 2022 is 3.6% (for the six months ended 30 September 2021: 24.8%).

Notes to the Unaudited Condensed Consolidated Financial Statements

10 DIVIDENDS

Pursuant to the resolution of the annual general meeting held on 29 September 2021, dividends of HKD35,006,000 (equivalent to RMB29,081,000) were approved by the Company to its shareholders. All dividend has been paid in cash on 5 November 2021.

Pursuant to the Board of Directors' resolution dated 26 November 2021, dividends of RMB29,087,000 were approved by the Company to its shareholders. All dividend has been paid in cash on 8 April 2022.

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

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
Dividend payable at the beginning of the period	29,087	—
Declaration of dividends	16,912	29,081
Dividends paid	(29,087)	—
	<hr/>	<hr/>
Dividend payable at the end of the period	16,912	29,081
	<hr/>	<hr/>

The Board did not recommend the payment of any dividend for the six months ended 30 September 2022 (2021: special dividend of HKD3.0 cents per share).

11 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 period. 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 period is the same as the basic earnings per share as there is no dilutive potential share during the financial period.

	Six months ended	
	30 September	
	2022	2021
	RMB'000	RMB'000
(Losses)/Profit attributable to the ordinary equity holders of the Company	(41,880)	38,488
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	1,166,871	1,166,871
Basic and diluted (losses)/earnings per share (RMB)	(0.04)	0.03
	<hr/>	<hr/>

Notes to the Unaudited Condensed Consolidated Financial Statements

12 PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Machinery RMB'000	Transportation RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
As at 31 March 2022							
Cost	15,580	2,324,080	12,369	10,426	15,239	8,997	2,386,691
Accumulated depreciation	(1,283)	(803,302)	(5,957)	(5,678)	(10,009)	—	(826,229)
Net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462
Six months ended							
30 September 2022							
Opening net book amount	14,297	1,520,778	6,412	4,748	5,230	8,997	1,560,462
Additions	—	171,422	561	603	266	8,938	181,790
Disposals	—	(8,342)	—	(9)	—	—	(8,351)
Depreciation	(351)	(113,197)	(878)	(804)	(804)	—	(116,034)
Transfer	—	2,682	—	—	—	(2,682)	—
Net book amount	13,946	1,573,343	6,095	4,538	4,692	15,253	1,617,867
As at 30 September 2022							
Cost	15,580	2,442,675	12,929	10,964	15,504	15,253	2,512,905
Accumulated depreciation	(1,634)	(869,332)	(6,834)	(6,426)	(10,812)	—	(895,038)
Net book amount	13,946	1,573,343	6,095	4,538	4,692	15,253	1,617,867

As at 30 September 2022, the Group pledged machineries with carrying amount of approximately RMB986,737,000 (31 March 2022: RMB689,201,000) for the lease liabilities (Note 13) and bank borrowings of the Group (Note 18).

Notes to the Unaudited Condensed Consolidated Financial Statements

13 LEASES

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

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

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Right-of-use assets		
Land-use rights	12,575	12,779
Machinery	54,249	31,503
Office	15,724	15,782
Warehouse	18,173	20,826
Others	224	295
	100,945	81,185
Lease liabilities		
Current	34,998	24,353
Non-current	37,112	34,375
	72,110	58,728

Additions to the right-of-use assets during the six months ended 30 September 2022 and the year ended 31 March 2022 were RMB41,309,000 and RMB36,057,000.

As at 30 September 2022, the land-use rights with carrying value of approximately RMB12,575,000 (31 March 2022: RMB12,779,000) were secured for the bank borrowings of the Group (Note 18).

(ii) Amounts recognised in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Six months ended 30 September 2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets		
Land-use rights	203	203
Machinery	15,434	12,724
Office	3,343	3,327
Warehouse	2,428	1,430
Others	140	130
	21,548	17,814
Interest expense (included in finance costs)	1,472	1,419

The total cash outflow for leases of the six months ended 30 September 2022 and 2021 were RMB30,588,000 and RMB32,005,000.

Notes to the Unaudited Condensed Consolidated Financial Statements

14 INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
As at 31 March 2022			
Cost	9,798	36,654	46,452
Accumulated amortisation	(5,417)	(15,466)	(20,883)
Net book amount	4,381	21,188	25,569
Six months ended 30 September 2022			
Opening net book amount	4,381	21,188	25,569
Amortisation charge	(411)	(1,837)	(2,248)
Net book amount	3,970	19,351	23,321
As at 30 September 2022			
Cost	9,798	36,654	46,452
Accumulated amortisation	(5,828)	(17,303)	(23,131)
Net book amount	3,970	19,351	23,321

Notes to the Unaudited Condensed Consolidated Financial Statements

15 TRADE RECEIVABLES

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Accounts receivable	690,457	594,066
Less: provision for impairment	(16,585)	(11,882)
	673,872	582,184

The majority of the Group's receivables are with credit term from 30 days to 90 days. At 30 September 2022 and 31 March 2022, the aging analysis of the trade receivables, based on due date, was as follows:

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Accounts receivable		
Within credit term	137,915	138,083
Less than 180 days past due	258,568	224,863
181 days to 365 days past due	110,116	89,272
1 to 2 years past due	122,860	98,000
More than 2 years past due	60,998	43,848
	690,457	594,066

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

As at 30 September 2022, the Group pledged accounts receivables with carrying amount of approximately RMB90,783,000 for the bank borrowings of the Group (Note 18).

As at 31 March 2022, the Group pledged accounts receivables with carrying amount of approximately RMB20,337,000 for the bank borrowings of the Group (Note 18).

The Group's trade receivables were denominated in RMB.

Notes to the Unaudited Condensed Consolidated Financial Statements

16 SHARE CAPITAL

Share capital as at 30 September 2022 and 31 March 2022, represented the share capital of the Group.

	Number of Shares Authorised '000	Number of Shares Issued '000	Share Capital USD'000	Share Capital RMB'000
As at 30 September 2022 and 31 March 2022 (ordinary shares of USD0.08 each)	1,875,000	1,166,871	93,350	593,026

17 RESERVES

Reserves of the Group during the six months ended 30 September 2022 and the year ended 31 March 2022 comprised of share premium, capital reserve, statutory reserve and other reserve.

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

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

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

Other reserves consist of translation reserves.

Notes to the Unaudited Condensed Consolidated Financial Statements

18 BORROWINGS

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Non-current		
Bank borrowings — Secured	574,182	474,873
Current		
Bank borrowings — Secured	221,439	136,864
Bank borrowings — Unsecured	39,721	30,229
	261,160	167,093
Total borrowings	835,342	641,966

As at 30 September 2022 and 31 March 2022, the Group's borrowings were repayable as follows:

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Within 1 year	255,476	167,093
Between 1 and 2 years	117,117	93,184
Between 2 and 5 years	462,749	381,689
	835,342	641,966

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

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
RMB	771,661	330,720
HKD	31,717	28,340
SGD	23,960	28,196
USD	8,004	254,710
	835,342	641,966

Notes to the Unaudited Condensed Consolidated Financial Statements

18 BORROWINGS (Continued)

The weighted average effective interest rates per annum for the six months ended 30 September 2022 and the year ended 31 March 2022 were as follows:

	Six months ended 30 September 2022	Year ended 31 March 2022
RMB	4.2%	5.1%
HKD	1.7%	1.7%
SGD	4.8%	4.8%
USD	4.0%	2.9%

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

Secured borrowings are pledged or guaranteed by the followings (Note 12, Note 13 and Note 15):

- (i) As at 30 September 2022, the syndicated bank borrowings of RMB233,995,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd. ("**Changzhou Tat Hong**") and the Company, and secured by the pledge of machinery with carrying value of RMB351,476,000.

The syndicated bank borrowings of RMB98,855,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB142,945,000.

The borrowings of RMB97,820,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB144,940,000.

The borrowings of RMB79,220,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB110,132,000.

The borrowings of RMB66,175,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, and Jiangsu Hengxingmao Financial Leasing Co., Ltd. ("**Hengxingmao**"), and secured by the pledge of machinery with carrying value of RMB97,731,000.

The borrowings of RMB42,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB43,697,000.

The borrowings of RMB39,588,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB54,791,000.

The borrowings of RMB33,000,000 were guaranteed by Tat Hong Zhaomao Investment Group Co., Ltd. ("**Tat Hong Zhaomao**"), and secured by the land-use rights with carrying value of RMB12,575,000 and the buildings with carrying value of RMB5,174,000. On 22 April 2022, assessed by Jiangsu Sudihang Land and Real Estate Appraisal Co., Ltd., the carrying value of land-use right increased by 24,540,000, and the carrying value of building increased by 4,938,000.

The borrowings of RMB24,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB34,440,000.

Notes to the Unaudited Condensed Consolidated Financial Statements

18 BORROWINGS (Continued)

The borrowings of RMB23,960,000 were guaranteed the Company and standby letter of credit from Standard Chartered Bank (Singapore) Limited, and secured by the pledge of machinery with carrying value of RMB59,727,000.

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

The borrowings of RMB13,008,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB24,995,000.

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

The borrowings of RMB10,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB12,646,000.

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

The borrowings of RMB1,000,000 were guaranteed by the Company, and secured by the commercial acceptance bill with carrying value of RMB1,429,000.

- (ii) As at 31 March 2022, the syndicated bank borrowings of RMB221,229,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, Hengxingmao and the Company, and secured by the pledge of machinery with carrying value of RMB252,417,000.

The borrowings of RMB28,196,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB56,992,000.

The borrowings of RMB61,736,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong, and Hengxingmao, and secured by the pledge of machinery with carrying value of RMB59,169,000.

The borrowings of RMB88,540,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, and Changzhou Tat Hong, and secured by the pledge of machinery with carrying value of RMB110,146,000.

The borrowings of RMB158,356,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB194,943,000.

The borrowings of RMB1,480,000 were guaranteed by the Company, and secured by the commercial acceptance bill with carrying value of RMB2,116,000.

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

The borrowings of RMB5,000,000 were guaranteed by Tat Hong Zhaomao, a wholly owned subsidiary, and secured by the land-use rights with carrying value of RMB12,779,000 and the buildings with carrying value of RMB14,297,000.

The borrowings of RMB20,000,000 were guaranteed by the Company, and secured by the accounts receivable of third-party with amount of RMB20,337,000.

Notes to the Unaudited Condensed Consolidated Financial Statements

18 BORROWINGS (Continued)

The borrowings of RMB15,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB9,200,000 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.

19 TRADE AND BILLS PAYABLES

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Accounts payable	446,338	393,409
Bills payable	43,112	38,035
	489,450	431,444

As at 30 September 2022 and 31 March 2022, 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 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Within 3 months	195,208	115,836
Between 3 months and 1 year	217,084	267,747
Between 1 year and 2 years	30,601	5,334
Between 2 years and 3 years	1,340	2,429
Between 3 years and 5 years	1,759	1,717
Over 5 years	346	346
	446,338	393,409

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

Notes to the Unaudited Condensed Consolidated Financial Statements

20 COMMITMENTS

(i) Capital commitments

As at 30 September 2022 and 31 March 2022, the Group had the following capital commitments:

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Contracted but not provided for		
— Property, plant and equipment	18,048	14,322

(ii) Lease commitments

As at 30 September 2022 and 31 March 2022, the Group had the following lease commitments:

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
No later than 1 year	10,892	9,384

21 RELATED PARTY TRANSACTIONS

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

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements

21 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

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

(i) Machineries and consumables purchased from related parties

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Controlled by Yongmao	30,393	90,591

(ii) Rental expenses

	Six months ended 30 September	
	2022	2021
	RMB'000	RMB'000
Controlled by Yongmao	3,019	—
Under common control by THH	17	33
	3,036	33

(c) Balances with related parties

(i) Receivables from related parties

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Trade		
Accounts receivable		
— Controlled by Yongmao	319	185
Other receivables		
— Controlled by Yongmao	1,120	2,332

(ii) Prepayments to related parties

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Trade		
Controlled by Yongmao	2,328	2,014

Notes to the Unaudited Condensed Consolidated Financial Statements

21 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(iii) Payables to related parties

	As at 30 September 2022 RMB'000	As at 31 March 2022 RMB'000
Trade		
Accounts payable		
— Controlled by Yongmao	13,151	19,298
— Under common control by THH	116	98
	13,267	19,396
Bills payable		
— Controlled by Yongmao	14,277	—

(d) Key management compensation

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

	As at 30 September 2022 RMB'000	2021 RMB'000
Salaries, bonus and other welfare	3,389	3,392

BUSINESS REVIEW

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

Mr. Yau Kok San, CEO of Tat Hong Equipment Service Co., Ltd. said, “After years of the lingering Pandemic, the market remains sluggish and real estate has been severely impacted. Fortunately, the Group has been optimising its business structure by placing a greater emphasis on the other business segments, reducing the real estate to approximately 30% of total revenue, which will mitigate the negative impact of the industry’s downturn. In the meantime, we will shift our focus to the energy, infrastructure and public construction segments.”

During the six months ended 30 September 2022, numerous cities in the PRC adopted anti-pandemic measures such as persistent and intermittent lockdowns to contain the spread of the COVID-19, which resulted in suspension of some projects. From April to June 2022, the economic activities of the Company in eastern China were affected. In the period, against the backdrop of interest rate hike by the United States Federal Reserve (Fed) and global inflation, global economy encountered significant instability and pressure. As the external environment remained volatile, the Group strived to adjust its operational strategy, optimized its management structure, made timely and appropriate decisions to mitigate the risks brought by the pandemic. As at the date of this report, we managed a total of 1,168 tower cranes, which were equipped to cater for our customers’ specialised range of EPC projects throughout the PRC.

We are well-recognised in the industry and have built a strong reputation in our awareness to workers’ safety, service quality and technical strength. We currently possess 113 registered patents for utility models and inventions relating to tower cranes. As we are recognized by most clients for our high-quality service and safety standards, we remain competitive in a market environment with great fluctuations in the unit price for tower cranes rentals.

Operating Results

The Group recorded a net loss of approximately RMB41.9 million for the six months ended 30 September 2022 representing a decrease of approximately 208.8% as compared with the net profit of approximately RMB38.5 million for the six months ended 30 September 2021. Such decrease was mainly due to, among the other factors, (i) the dramatic increase of exchange loss of approximately RMB37.5 million arising from foreign currency loans; (ii) the decrease in revenue due to the ongoing outbreak of the COVID-19 and the corresponding control measures in Eastern China, some projects have been postponed and delayed, thereby affecting the Group’s revenue in the Period; and (iii) and the increase of general provision of doubtful debts of approximately RMB5.2 million as a result of economic downturn.

Management Discussion and Analysis

Future Development

The COVID-19 pandemic has been lingering for a few years, presenting the world with unprecedented challenges. Despite the gradual recovery in major economies (including the PRC) and the surge in vaccination and immunity rates, the receding global economy, public health and the livelihood of people have yet to see much improvement.

The severity and reach of the COVID-19 pandemic have put each component of the industry value chain of the Group, such as design management, workforce management, commissioning, construction work, labour health and safety, under considerable pressure. Despite difficult situations, service quality and employee health remain the Group's top priority.

Going forward, the Group will focus on analyzing the impact of the COVID-19 pandemic on each business sector and project, reviewing and modifying strategic plans, and communicating updates with all stakeholders who include suppliers, clients and employees etc. The Group will make good use of the data available in analyzing areas of concern, considering the legal and financial implications, and ensuring that the Group's project management, risk management and governance processes can mitigate the COVID-19 pandemic's adverse impacts on its financial position and operational and compliance risks, capturing business opportunities in the market and ensuring the safety of employees.

The Group will also take advantage of the COVID-19 crisis, by turning it into an opportunity to stimulate and accelerate transformation. The Group has had a good head start — the digital platform "iSmartCon", a smartphone application for managing contract compliance and safety, equipment maintenance, equipment allocation, equipment selection, supporting services and data analysis. The smartphone application has proven to be extremely beneficial in the current context. The Group will take this as a chance to speed up the adoption and improvement of the smartphone application, so as to further optimize the management of various stages of the operating process.

2022 is an extraordinarily tough time, but the Group will continue its efforts on meeting the increasing customer demands for prefabricated construction on medium and large size tower cranes, and to establish a standardized post market service eco-system for tower cranes, with the aim of providing a sustainable foundation for a green, safe and environmental friendly tower crane service industry value chain, while abiding by the proper safety standards and PRC prevention and control policies.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased to RMB387.4 million for the six months ended 30 September 2022, representing approximately 6.8% decrease from that for the six months ended 30 September 2021, primarily due to the postponement and delay of engineering projects as a result of the continuous outbreak of the COVID-19 and the corresponding control measures in Eastern China. Our average monthly service price of tower cranes per tonne metres (TM) in use decreased from RMB281 to RMB257. Our total TM in use increase from 1,479,145 for the six months ended 30 September 2021 to 1,577,983 for the six months ended 30 September 2022.

Cost of Sales

Our cost of sales increased by approximately 5.3% from approximately RMB296.1 million for the six months ended 30 September 2021 to approximately RMB311.9 million for the six months ended 30 September 2022. Such increase was mainly attributable to, among other factors, (i) the increase in the depreciation of property, plant and equipment due to the increasing number of self-owned tower cranes. Our average self-owned number of tower cranes increased from 1,025 for the period ended 30 September 2021 to 1,034 for the period ended 30 September 2022; and (ii) the slightly decrease in our labour subcontracting costs.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 36.8% from approximately RMB119.5 million for the six months ended 30 September 2021 to approximately RMB75.5 million for the six months ended 30 September 2022. Our overall gross profit margin decreased from approximately 28.8% for the six months ended 30 September 2021 to approximately 19.5% for the corresponding period in 2022. The decrease was mainly due to the combined effects of the above-mentioned.

Other income

The other income for the six months ended 30 September 2022 was approximately RMB3.5 million, representing a decrease of approximately RMB7.2 million or approximately 67.3% as compared to that of approximately RMB10.7 million for the six months ended 30 September 2021. Our other income mainly comprised of value-add tax refund and government grants. The decrease was mainly due to the decrease in receipt of financial incentives.

Research and development expenses

Our research and development expenses decreased from approximately RMB12.8 million for the six months ended 30 September 2021 to approximately RMB12.2 million for the six months ended 30 September 2022. This was mainly due to the decrease in development work on patents.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 10.2% from approximately RMB8.5 million for the six months ended 30 September 2021 to approximately RMB7.6 million for the six months ended 30 September 2022. Such decrease was mainly due to the adoption of the video conferences by the Group during the pandemic, which led to the reduction of traveling expenses.

General and administrative expenses

Our general and administrative expenses for the six months ended 30 September 2022 amounted to approximately RMB41.3 million, representing a decrease of approximately RMB5.3 million or 11.4% as compared to that of approximately RMB46.7 million for the six months ended 30 September 2021. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such decrease was primarily attributable to the decrease in traveling expenses and office expenses as a result of telecommuting.

Finance costs

Our finance costs for the six months ended 30 September 2022 amounted to approximately RMB56.1 million, representing an increase of approximately RMB43.7 million or approximately 352.5% as compared to that of approximately RMB12.4 million for the six months ended 30 September 2021. The increase was mainly due to the recognition of RMB37.5 million net exchange losses which arose from foreign currency borrowings for the period ended 30 September 2022.

Income tax expenses

Our income tax credit for the six months ended 30 September 2022 amounted to approximately RMB1.5 million, as compared to income tax expense of approximately RMB12.7 million for the six months ended 30 September 2021. Such decrease was due to the occurrence of losses for the six months ended 30 September 2022.

Losses for the Period

As a result of the foregoing reason, the Group recorded the losses of RMB41.9 million in the Period as compared to a profit of RMB38.5 million in the corresponding period, representing a decrease of approximately RMB80.4 million or approximately 208.8% as compared with that for the same period in 2021. The decrease was mainly due to the combined effects of the above-mentioned.

Management Discussion and Analysis

Working capital structure

The Group's net current assets amounted to approximately RMB392.8 million as at 30 September 2022, representing a decrease of approximately RMB59.1 million from that as at 31 March 2022, which was mainly due to increase in the current portion of borrowings.

Liquidity and financial management

A substantial amount of capital is required to fund our purchase of tower cranes, working capital requirements and general business expansion. Our operations and growth have primarily been financed by cash generated from our operations.

The Group strives to maintain a healthy financial position and liquidity for its normal operation, development needs and ad-hoc events. As at 30 September 2022, the cash and cash equivalents plus financial assets at fair value through profit or loss were approximately RMB151.7 million, representing a decrease of approximately RMB18.2 million when compared with those as at 31 March 2022.

The Group's current ratio (which represents the total sum of current assets, divided by the total sum of current liabilities) was 1.44 times as at 30 September 2022, as compared to that of 1.61 times as at 31 March 2022. The decrease in current ratio was mainly attributable to the increase in current portion of borrowings.

The gearing ratio of the Group, (which represents the total sum of borrowings and lease liabilities, divided by total equity), was 60.1% as at 30 September 2022, as compared to that of 44.6% as at 31 March 2022. The increase in gearing ratio was mainly attributable to the increase in borrowings, in additions, due to the exchange rate fluctuations, the US dollar has appreciated in 2022, which led to the increase of equivalent RMB loan balance.

Pledge of assets

As at 30 September 2022, the Group pledged machineries with carrying amount of approximately RMB986.7 million for the lease liabilities and bank borrowings of the Group to secure banking facilities granted to the Group.

As at 30 September 2022, the land-use rights with carrying value of approximately RMB12.6 million (31 March 2022: RMB12.8 million) were secured for the bank borrowings of the Group.

Lease Liabilities

The lease liabilities increased by approximately 22.8% from approximately RMB58.7 million as at 31 March 2022 to approximately RMB72.1 million as at 30 September 2022. This was mainly due to the increase of rented tower cranes leading to the increase of right-of-use assets.

CAPITAL COMMITMENT

As at 30 September 2022, the contracted but not delivered property, plant and equipment was approximately RMB18.0 million, representing an increase of approximately RMB3.7 million from that as at 31 March 2022.

CONTINGENT LIABILITIES

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

Management Discussion and Analysis

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange loss for the six months ended 30 September 2022 amounted to approximately RMB37.2 million, representing an increase of approximately RMB36.1 million as compared to that of approximately RMB1.1 million for the six months ended 30 September 2021. The Group mainly operates in the PRC with RMB as the functional currency, and the most of foreign currency loans have been converted into the RMB loans. The Board is of the view that the Group's foreign exchange rate risks are not the main risks in the subsequences period. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the six months ended 30 September 2022.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment as at 30 September 2022.

USE OF PROCEEDS FROM THE LISTING

On 13 January 2021, the shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Shares were issued to the public at HKD1.73 per Share, and the Group received net proceeds (the "Net Proceeds") of approximately HKD485.5 million from the global offering of its Shares (the "Global Offering") after deducting of the underwriting fees and commissions and other expenses payables by the Group in connection with the Global Offering. As of 30 September 2022, the amount of Net Proceeds which remain unutilised amounted to approximately HKD98.8 million. Set out below are details of the planned allocation of the Net Proceeds, the utilised and unutilised amount of the Net Proceeds as at 30 September 2022:

Usage	% of Total Net Proceeds	Planned	Utilised Net	Unutilised	Expected Timeline of Full Utilisation of the Net Proceeds
		Allocation of the Net Proceeds HKD'000	Proceeds up to 30 September 2022 HKD'000	Net Proceeds as at 30 September 2022 HKD'000	
Purchase tower cranes	63.0%	305,865	211,435	94,430	By 31 March 2024
Purchase equipment and to conduct foundation work for our Yangzhou Refurbishment Centre (as defined in the prospectus of the Company dated 30 December 2020 (the "Prospectus"))	5.3%	25,732	25,732	—	Fully utilised
Hire additional personnel equipped with special skills to improve our service capacity and competitiveness	3.2%	15,536	11,118	4,418	By 31 March 2023
Repay part of our bank borrowings	18.5%	89,817	89,817	—	Fully utilised
Working capital and other general corporate purposes	10%	48,550	48,550	—	Fully utilised
	100%	485,500	386,652	98,848	

Due to the ongoing outbreak of COVID-19 and the recovery of the domestic economy is remained under pressure and the overall market was still sluggish, the Group's plan to purchase tower cranes for some projects in Eastern China have been postponed and delayed. The balance of the unutilized net proceeds for purchasing tower cranes is expected to be utilized by 31 March 2024.

Management Discussion and Analysis

DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 30 September 2022 (2021: special dividend of HKD0.03 per share).

The payment of a final dividend of HKD1.6 cents per share for the year ended 31 March 2022, totaling approximately HKD18,669,940, had been approved at the annual general meeting of the Company held on 28 September 2022 and the payment was made on 4 November 2022.

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

During the six months ended 30 September 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 30 September 2022, the Group did not have any immediate plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed a total of 1,328 employees who include the directors of the Company and its subsidiaries (2021: 1,180 employees). The total employee benefits expenses for the six months ended 30 September 2022 was RMB50.2 million, an increase of 2.0 % when compared with that for the six months ended 30 September 2021. Such increase was mainly attributable to the increase in staff headcount.

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

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

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 September 2022 and up to the date of this report.

OTHER INFORMATION

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

As at 30 September 2022, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)(the “SFO”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules (the “Listing Rules”) on the Stock Exchange were as follows:

(A) Long position in the Shares

Name of Director	Capacity	Number and class of securities held/ interested	Approximate percentage of shareholding in the Company
Mr. Ng San Tiong (“Mr. Ng”) (Note 1)	Trustee	790,760,387 ordinary Shares	67.77%
Mr. Yau Kok San	Beneficial owner	4,957,135 ordinary Shares	0.42%
Mr. Lin Han-wei (“Mr. Lin”) (Note 2)	Beneficiary of a trust	4,906,118 ordinary Shares	0.42%

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

Name of Director	Name of associated corporation	Capacity	Approximate percentage of interest
Mr. Ng (Note 1)	Chwee Cheng & Sons Pte. Ltd. (“Chwee Cheng & Sons”)	Trustee Beneficial owner	39.50% 11.01%

Notes:

- Tat Hong Equipment (China) Pte. Ltd. (“Tat Hong China”) directly held approximately 66.92% of the issued capital of the Company and held 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015 Pte. Ltd. (“TH Straits 2015”). Tat Hong China is owned approximately 88.40% by Tat Hong International Pte. Ltd. (“Tat Hong International”) and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee, are joint trustees of the Chwee Cheng Trust (an irrevocable discretionary trust established by Mr. Ng’s father, with Mr. Ng and his family members as beneficiaries and Mr. Ng, Ng Sun Ho, Ng San Wee and Ng Sun Giam Roger as the joint trustees), which owns approximately 39.50% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments Pte. Ltd. (“TH60 Investments”), which in turn owns approximately 70.80% of the shares of THSC Investments Pte. Ltd. (“THSC Investments”), which in turn owns 100% of the shares of Tat Hong Holdings Ltd. (“Tat Hong Holdings”), which in turn owns 100% of the shares of Tat Hong International. By virtue of the SFO, each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.
- As at 30 September 2022, these Shares are held by Maples Trustee Services (Cayman) Limited, which is the trustee of the Straits Trust, a trust established by TH Straits 2015 on 24 March 2022 for the employee benefit scheme.

Other Information

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as the Directors are aware, as at 30 September 2022, the following Shareholders (other than the interests of the Directors and the chief executives of the Company) had interests in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be kept under Section 336 of the SFO:

Long position Shares and underlying Shares of the Company

Name	Capacity	Number of Ordinary Shares held/interested	Approximate percentage of interest
Tat Hong China ^(Note 1)	Beneficial interest and interest in controlled corporation	790,760,387	67.77%
Tat Hong International ^(Note 1)	Interest in controlled corporation	790,760,387	67.77%
Tat Hong Holding ^(Note 1)	Interest in controlled corporation	790,760,387	67.77%
THSC Investments ^(Note 1)	Interest in controlled corporation	790,760,387	67.77%
TH60 Investments ^(Note 1)	Interest in controlled corporation	790,760,387	67.77%
Chwee Cheng & Sons ^(Note 1)	Interest in controlled corporation	790,760,387	67.77%
Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee ^(Note 1)	Trustee	790,760,387	67.77%
Zoomlion International Trading (H.K.) Co., Limited ^(Note 2)	Beneficial interest	87,476,000	7.50%
Zoomlion H.K. Holding Co., Limited ^(Note 2)	Interest in controlled corporation	87,476,000	7.50%
Zoomlion Heavy Industry Science and Technology Co., Limited ^(Note 2)	Interest in controlled corporation	87,476,000	7.50%
PHILLIP CAPITAL (HK) LIMITED ^(Note 3)	Beneficial interest	64,738,000	5.55%
LIM Hua Min ^(Note 3)	Interest in controlled corporation	64,738,000	5.55%

Notes:

1. Tat Hong China directly held approximately 66.92% of the issued capital of the Company and held 0.85% of the issued capital of the Company through its wholly-owned subsidiary, TH Straits 2015. Tat Hong China is owned approximately 88.40% by Tat Hong International and 11.60% by Yongmao Holdings Limited. For the shareholding structure of Tat Hong International, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee, are joint trustees of the Chwee Cheng Trust, which owns approximately 39.50% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments, which in turn owns approximately 70.80% of the shares of THSC Investments, which in turn owns 100% of the shares of Tat Hong Holdings, which in turn owns 100% of the shares of Tat Hong International. By virtue of the SFO, each of Tat Hong International, Tat Hong Holdings, THSC Investments, TH60 Investments, Chwee Cheng & Sons, Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee are deemed or taken to be interested in all the Shares in which Tat Hong China is interested.

2. 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 all the Shares in which Zoomlion International Trading (H.K.) Co., Limited is interested.
3. PHILLIP CAPITAL (HK) LIMITED is owned as to 85% by LIM Hua Min. By virtue of the SFO, LIM Hua Min is deemed to be interested in all the Shares in which PHILLIP CAPITAL (HK) LIMITED is interested.

Save as disclosed above, as at 30 September 2022, 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, 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.

SHARE OPTION SCHEME

On 13 January 2021, a share option scheme (the “**Share Option Scheme**”) with terms complying with Chapter 17 of the Listing Rules was conditionally approved and adopted by the then shareholders of the Company. The purpose of the Share Option Scheme is to grant share options to eligible persons as incentives or rewards for their contributions to the Group. Details of the principal terms of the Share Option Scheme are set out in the Prospectus.

During the six months ended 30 September 2022, no share option was granted, exercised, lapsed or cancelled, and there was no outstanding share option under the Share Option Scheme.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The Board has reviewed the corporate governance practices of the Company and is of the view that the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2022.

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 during the six months ended 30 September 2022 and no incident of non-compliance by the Directors has been noted by the Company during the six months ended 30 September 2022.

Other Information

REVIEW OF THE INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has set up an audit committee (the “**Audit Committee**”) for the purposes of reviewing and providing supervision over the financial reporting process and internal audit function of the Group, reviewing the internal controls and risk management systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen. Ms. Pan I-Shan is the chairlady of the Audit Committee.

The Audit Committee has reviewed and has no disagreement to the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 September 2022 and the accounting principles and practices adopted by the Group. The Audit Committee considers that the interim financial information of the Company has complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

CHANGE IN DIRECTORS' INFORMATION

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