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TAT HONG

**Tat Hong Equipment Service Co., Ltd.**

**達豐設備服務有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2153)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025**

### **FINANCIAL HIGHLIGHTS**

Revenue of the Group for the year ended 31 March 2025 amounted to RMB634.6 million, representing a decrease of RMB47.7 million or 7.0% from the year ended 31 March 2024.

Loss attributable to equity holders of the Company for the year ended 31 March 2025 amounted to RMB120.5 million, representing an increase of RMB24.8 million or 26.0% from the year ended 31 March 2024. This rise in losses was primarily driven by the decline in revenue and the adjustment of deferred tax.

Basic loss per share for the year ended 31 March 2025 amounted to RMB10.0 cents, representing an increase of RMB2.0 cents when compared with the basic loss per share of RMB8.0 cents for the year ended 31 March 2024.

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2025.

### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Tat Hong Equipment Service Co., Ltd. (the “**Company**”, together with its subsidiaries collectively, the “**Group**”), hereby announces the consolidated results of the Group for the year ended 31 March 2025, together with comparative figures for the year ended 31 March 2024 as set out below.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2025**

		<b>Year ended 31 March</b>	
		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>634,561</b>	682,292
Cost of sales	6	<u>(563,460)</u>	<u>(601,532)</u>
<b>Gross profit</b>		<b>71,101</b>	80,760
Selling and distribution expenses	6	<b>(15,390)</b>	(15,033)
General and administrative expenses	6	<b>(85,344)</b>	(81,966)
Research and development expenses	6	<b>(15,356)</b>	(19,390)
Provision for financial assets and contract assets		<b>(3,101)</b>	(3,327)
Other income	4	<b>3,875</b>	2,789
Other losses, net	5	<u>(969)</u>	<u>(5,668)</u>
<b>Operating loss</b>		<b>(45,184)</b>	(41,835)
Finance costs	7	<b>(62,310)</b>	(64,520)
Finance income	7	<u>934</u>	<u>948</u>
<b>Loss before income tax</b>		<b>(106,560)</b>	(105,407)
Income tax (expense)/credit	8	<u>(13,917)</u>	9,769
<b>Loss for the year</b>		<u><b>(120,477)</b></u>	<u>(95,638)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(120,553)</b>	(95,638)
Non-controlling interest		<u>76</u>	—
		<u><b>(120,477)</b></u>	<u>(95,638)</u>
<b>Other comprehensive loss, net of tax</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		<u>(125)</u>	<u>(556)</u>
Other comprehensive loss for the year, net of tax		<u>(125)</u>	<u>(556)</u>
<b>Total comprehensive loss for the year, net of tax</b>		<u><b>(120,602)</b></u>	<u>(96,194)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>(120,678)</b>	(96,194)
Non-controlling interest		<u>76</u>	—
		<u><b>(120,602)</b></u>	<u>(96,194)</u>
<b>Basic and diluted loss per share (RMB)</b>	<i>11</i>	<u><b>(0.10)</b></u>	<u>(0.08)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2025**

		<b>As at 31 March</b>	
		<b>2025</b>	2024
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,539,391</b>	1,556,816
Right-of-use assets		<b>167,809</b>	101,193
Intangible assets		<b>13,100</b>	16,710
Contract assets		<b>25,294</b>	23,797
Other non-current assets		<b>130,104</b>	81,247
		<u><b>1,875,698</b></u>	<u>1,779,763</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		<b>35,141</b>	44,464
Contract assets		<b>216,684</b>	236,058
Trade receivables	<i>12</i>	<b>683,933</b>	734,470
Prepayments and other receivables		<b>136,855</b>	128,324
Financial assets at fair value through other comprehensive income		<b>13,031</b>	15,574
Restricted cash		<b>370</b>	370
Cash and cash equivalents		<b>145,531</b>	138,938
		<u><b>1,231,545</b></u>	<u>1,298,198</u>
<b>Total current assets</b>			
		<u><b>3,107,243</b></u>	<u>3,077,961</u>
<b>Total assets</b>			

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

AT 31 MARCH 2025

		As at 31 March	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	507,072	612,405
Lease liabilities		92,965	58,306
Deferred income tax liabilities		68,413	57,805
Provisions		<u>32,825</u>	<u>24,906</u>
<b>Total non-current liabilities</b>		<u><b>701,275</b></u>	<u><b>753,422</b></u>
<b>Current liabilities</b>			
Trade and bills payables	16	365,222	327,771
Contract liabilities		1,960	2,531
Other payables and accruals		33,272	31,436
Borrowings	15	615,553	483,476
Lease liabilities		48,711	26,138
Provisions		<u>38,805</u>	<u>31,762</u>
<b>Total current liabilities</b>		<u><b>1,103,523</b></u>	<u><b>903,114</b></u>
<b>Total liabilities</b>		<u><b>1,804,798</b></u>	<u><b>1,656,536</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	593,026	593,026
Reserves	14	514,249	514,374
Retained earnings		<u>193,472</u>	<u>314,025</u>
		<b>1,300,747</b>	1,421,425
Non-controlling interests		<u>1,698</u>	<u>–</u>
<b>Total equity</b>		<u><b>1,302,445</b></u>	<u><b>1,421,425</b></u>
<b>Total equity and liabilities</b>		<u><b>3,107,243</b></u>	<u><b>3,077,961</b></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2025**

	Attributable to owners of the Company							Non- controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2023	593,026	181,942	243,605	58,344	29,083	411,619	1,517,619	-	1,517,619
Loss for the year	-	-	-	-	-	(95,638)	(95,638)	-	(95,638)
Other comprehensive income:									
- Currency translation difference	-	-	-	-	(556)	-	(556)	-	(556)
Total comprehensive income	-	-	-	-	(556)	(95,638)	(96,194)	-	(96,194)
Statutory reserve	-	-	-	1,956	-	(1,956)	-	-	-
At 31 March 2024	<u>593,026</u>	<u>181,942</u>	<u>243,605</u>	<u>60,300</u>	<u>28,527</u>	<u>314,025</u>	<u>1,421,425</u>	<u>-</u>	<u>-</u>
At 1 April 2024	593,026	181,942	243,605	60,300	28,527	314,025	1,421,425	-	1,421,425
Loss for the year	-	-	-	-	-	(120,553)	(120,553)	76	(120,477)
Other comprehensive income:									
- Currency translation difference	-	-	-	-	(125)	-	(125)	-	(125)
Total comprehensive income	-	-	-	-	(125)	(120,553)	(120,678)	76	(120,602)
Establishment of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	1,622	1,622
At 31 March 2025	<u>593,026</u>	<u>181,942</u>	<u>243,605</u>	<u>60,300</u>	<u>28,402</u>	<u>193,472</u>	<u>1,300,747</u>	<u>1,698</u>	<u>1,302,445</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

### 1. BASIS OF PREPARATION

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

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

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

- (a) The Group received a letter of financial support from an intermediate parent company confirming their intention to continue to support financially the operations of the Group and to meet all third-party obligations for at least the ensuing twelve months period;
- (b) Management anticipate the Group will continue to negotiate with the banks to favorably revise certain covenants of bank borrowings prior to the end of the coming financial year, thereby enabling the Group to access stable bank loan facilities at the lowest possible cost;
- (c) The Group had committed and undrawn short-term borrowing facilities of approximately RMB76 million and committed and undrawn long-term borrowing facilities of approximately RMB60 million as at the end of reporting period available to meet the operating requirements and foreseeable future capital investment requirements;
- (d) Management expect the Group will successfully arrange rolling-over of borrowing facilities with sufficient amounts for the Group’s operating and capital investment needs; and
- (e) The Directors have prepared a comprehensive cashflow forecast for the 18 months ending 30 September 2026 in order to estimate the Group’s cash requirements, taking into consideration of a number of plans and measures:
  - the Group will continue to optimise its customer base by focusing on infrastructure and nuclear power projects that have the potential to enhance the Group’s overall operating cash flow;
  - the Group will implement its business plan targeting to achieve its budgeted capacity utilisation rate and the desired average monthly service price for tower cranes per tonne metres;
  - the Group will persist in implementing measures to expedite the collection of trade receivables; and

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

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

## 2. 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:

	<b>Year ended 31 March</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Customer A	<b>88,801</b>	101,492
Customer B	<b>78,008</b>	79,472
Customer C	<b>69,903</b>	88,929
	<hr/>	<hr/>
Total	<b>237,712</b>	269,893
	<hr/> <hr/>	<hr/> <hr/>

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

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

### 3. REVENUE

An analysis of revenue is as follows:

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

### 4. OTHER INCOME

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

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.

### 5. OTHER LOSSES, NET

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

## 6. EXPENSES BY NATURE

	Year ended 31 March	
	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets	273,507	283,185
Labour subcontracting cost	217,702	228,190
Employee benefit expenses (Note 9)	78,166	88,517
Rental expenses	30,358	30,028
Material fees	13,660	16,990
Travel expenses	12,349	15,518
Repair expenses	4,443	4,295
Commission expenses	10,848	8,637
Entertainment expenses	5,412	5,625
Professional fees	5,180	4,728
Amortisation of intangible assets	4,454	4,466
Office expenses	5,918	5,947
Transportation expenses	2,822	2,397
Auditor's remuneration	1,981	2,981
Others	12,750	16,417
	<u>679,550</u>	<u>717,921</u>

## 7. FINANCE COSTS AND INCOME

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

## 8. INCOME TAX EXPENSE/(CREDIT)

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

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

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

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

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

The Group's subsidiary in Indonesia is subject to Indonesia corporate income tax at a rate of 22% on estimated assessable profits.

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

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

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

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

## 9 EMPLOYEE BENEFITS EXPENSES

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

## 10. DIVIDENDS

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

## 11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the financial year. Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The fully diluted loss per share for the financial year is the same as the basic loss per share as there is no dilutive potential share during the current and previous year.

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

## 12. TRADE RECEIVABLES

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

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

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

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

As at 31 March 2025, the Group pledged accounts receivable with carrying amount of approximately RMB236,907,000 (2024: RMB233,124,000) for the bank borrowings of the Group.

The Group's trade receivables were denominated in RMB.

## 13. SHARE CAPITAL

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

## 14. RESERVES

Reserves of the Group during the years ended 31 March 2025 and 2024 comprised of share premium, capital reserve, statutory reserve and other reserve.

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

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

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

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

## 15. BORROWINGS

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

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

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

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

	<b>As at 31 March</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
RMB	<b>967,036</b>	1,053,386
HKD	<b>36,142</b>	42,495
SGD	<b>119,447</b>	–
	<b><u>1,122,625</u></b>	<b><u>1,095,881</u></b>

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

	<b>Year ended 31 March</b>	
	<b>2025</b>	<b>2024</b>
SGD	<b>5.4%</b>	–
RMB	<b>4.5%</b>	5.0%
HKD	<b>6.2%</b>	6.4%

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

## 16. TRADE AND BILLS PAYABLES

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

As at 31 March 2025 and 2024, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date were as follows:

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

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

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

## 17. SUBSEQUENT EVENT

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group mainly engages in the provision of one-stop tower crane solution services covering consultation, technical design, commissioning, construction to after-sales services to Chinese Special-tier and Tier-1 EPC contractors in the industries of infrastructure, clean energy, traditional energy, public and factory building, commercial and residential building etc. During the financial year, under the effect of insufficient market demand and the decline in the average monthly service price of tower cranes per tonne metres (TM), the supply and demand mismatch had resulted in high levels of market competition in the entire construction machinery industry.

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

During the financial year, we managed a total of 1,180 tower cranes, so as to cater for our customers' specialised range of EPC projects throughout the PRC. During the year, we had continued our investment in the digitalization of our management platform and the research and development of new tower crane technical solutions. As at 31 March 2025, we possess 187 registered patents for utility models and inventions relating to tower cranes. We believe our robust technical capabilities will continue to enable us to procure projects, and the enhancement in our research and development capabilities for tower crane technical solutions will reinforce our excellent delivery in services.

### Operating Results

The Group recorded a net loss of approximately RMB120.5 million for the year ended 31 March 2025 representing an increase of approximately 26.0% as compared with the net loss of approximately RMB95.6 million for the year ended 31 March 2024. This increase in loss was primarily due to the (i) a decline in revenue, attributable to the slower economic growth and a sluggish construction sector; and (ii) higher income tax expenses arising from the adjustment on deferred tax.

## **Future Development**

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

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

## **FINANCIAL REVIEW**

### **Revenue**

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

### **Cost of Sales**

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

### **Gross Profit and Gross Profit Margin**

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

## **Other income**

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

## **Research and development expenses**

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

## **Selling and distribution expenses**

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

## **General and administrative expenses**

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

## **Finance costs**

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

## **Income Tax Expense**

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

## **Loss for the year**

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

## **Working capital structure**

The Group's net current assets amounted to RMB128.0 million as at 31 March 2025, representing a decrease of RMB267.1 million from 31 March 2024, which was mainly due to an increase in short-term borrowings.

## **Liquidity and financial management**

We require a substantial amount of capital to fund our purchases of tower cranes, working capital requirements and general business expansion. Our operation and growth have primarily been financed by cash generated from our operations.

The Group strives to maintain a healthy financial position and liquidity for its normal operation, development needs and ad-hoc events. As at 31 March 2025, the cash and cash equivalents plus restricted cash were RMB145.9 million, representing an increase of RMB6.6 million when compared with those for the year ended 31 March 2024.

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

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

## **Pledge of assets**

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

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

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

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

### **Lease Liabilities**

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

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

### **CAPITAL COMMITMENT**

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

### **CONTINGENT LIABILITIES**

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

### **FOREIGN EXCHANGE RISK MANAGEMENT**

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

### **FINAL DIVIDEND**

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

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

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

## SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

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

## EMPLOYEES AND REMUNERATION POLICIES

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

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

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

## EVENTS AFTER THE REPORTING PERIOD

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

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

## **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 and complied with all the principles and code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the year ended 31 March 2025.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the year ended 31 March 2025 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its code of conduct regarding the securities transactions by the Directors on the terms no less exacting terms than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2025.

## **2025 AGM**

The 2025 AGM of the Company will be held at Room 601, Building 8, PortMix, No. 2377 Shenkun Road, Minhang District, Shanghai, the PRC on Friday, 26 September 2025. The notice of the 2025 AGM of the Company will be published and despatched to the Shareholders in the manner as required by the Listing Rules and the Articles of Association of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 23 September 2025 to Friday, 26 September 2025 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer forms accompanied by relevant share certificates must be lodged for registration with Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday 22 September 2025.

## **AUDIT COMMITTEE**

The Company has set up an audit committee (the “**Audit Committee**”) for the purposes of reviewing and providing supervision over financial reporting process and internal audit function of the Group, reviewing the internal controls and risk management system 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 Audit Committee. The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 March 2025, and the accounting principles and practices adopted by the Group, the internal controls and risk management system and financial reporting matters, and has given their opinion and recommendations to the Board on 13 June 2025. The Audit Committee considers that the annual financial information of the Company has complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

## **SCOPE OF WORK OF RSM HONG KONG**

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed by the Group’s external auditor, RSM Hong Kong, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2025. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on this announcement.

## **PUBLICATION OF AUDITED ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT**

This annual results announcement of the Company has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.tathongchina.com](http://www.tathongchina.com)). The annual report of the Company for the year ended 31 March 2025 containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

By order of the Board  
**Tat Hong Equipment Service Co., Ltd.**  
**Mr. Ng San Tiong**  
*Chairman and Non-executive Director*

Hong Kong/the PRC, 13 June 2025

*As at the date of this announcement, the Board comprises Mr. Yau Kok San and Mr. Lin Han-wei as Executive Directors; Mr. Ng San Tiong, Mr. Sun Zhaolin, Mr. Liu Xin, Mr. Guo Jinjun as Non-executive Directors; and Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen as Independent Non-executive Directors.*