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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)

CLARIFICATION ANNOUNCEMENT ON THE NATURE OF THE TRANSACTIONS AND THE PAYMENT TERMS UNDER THE PURCHASE AGREEMENT

Reference is made to the announcement of Tat Hong Equipment Service Co., Ltd. (the "**Company**") dated 15 August 2025 (the "**Announcement**") in relation to, among other things, the Purchase Agreement entered into by and between Huaxing Tat Hong, an indirect wholly-owned subsidiary of the Company, and China Nuclear Industry Huaxing Construction Co., Ltd. (中國核工業華興建設有限公司) ("**China Nuclear Industry**") (the "**Purchase Agreement**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

The Company would like to clarify that the nature and details of the payment terms under the Purchase Agreement as follows:

1. CLARIFICATION ON THE NATURE OF THE TRANSACTIONS

The Company hereby clarifies that the Machines under the Purchase Agreement are not intended for leaseback to China Nuclear Industry, but rather to fulfill the project requirements of other clients of the Group. Such Machines will be used to provide tower crane solution services in the ordinary course of the Group's business.

2. EXPLANATION OF THE PAYMENT TERMS "OFFSET BY LEASE SERVICE FEES"

The arrangement described in the Purchase Agreement, whereby "the amount will be offset against the lease service fees payable by China Nuclear Industry to the Company in the future", is based on the existing business cooperation relationship between the Group and China Nuclear Industry. As of now, the total value of ongoing projects between the Group and China Nuclear

Industry is approximately RMB350 million (the "**Projects**"). Therefore, it is expected that the Group will generate additional accounts receivable of RMB350 million from China Nuclear Industry in the future.

In terms of the revenue structure of the Projects, approximately 40% represents machinery rental fees (i.e. the lease service fees for offset as mentioned above), with the remaining parts including operational labor, typhoon prevention measures, maintenance and repair services, etc. Therefore, the lease service fees receivable generated from the Projects (with a value of RMB350 million) is expected to be RMB140 million (RMB350 million × 40%). Through arm's length negotiation, both parties have agreed to allocate 30% of the aforementioned lease service fees receivable specifically to offset the payment for the procured equipment. This ratio was determined through fair negotiation between both parties, taking into consideration both the payment cycle acceptable to China Nuclear Industry and the Group's requirements for sound cash flow management.

Accordingly, based on the current Projects in hand, the amount available for offsetting the purchase payments is approximately:

350,000,000×40%×30%≈RMB42,000,000

Equipment Delivery and Payment Mechanism: According to the Purchase Agreement, all tower crane equipment involved in this purchase shall be delivered and accepted no later than 31 December 2025. The commencement date of the offset payment mechanism (i.e. the "Offset Commencement Date") shall be no later than 31 December 2025. Such amount will be gradually offset over the next four to five years based on the actual service fee income generated from the Projects. The total amount involved in the Purchase Agreement is RMB53.17 million. The locked offset amount based on current Projects in hand is RMB42 million, and there is a difference of approximately RMB11.17 million. Such remaining balance will be offset against service fees receivable from new projects secured by the Group from China Nuclear Industry in the future.

It is worth emphasizing that this arrangement does not constitute an obligation for China Nuclear Industry to increase the offset ratio of the existing Projects or provide additional collateral, and the payment source remains limited to the project accounts receivable.

3. PAYMENT ASSURANCE

The Board remains highly optimistic about the Group's future business prospects and cash flow. We anticipate that, by leveraging the Group's outstanding service quality and market competitiveness, we will continue to secure more projects from China Nuclear Industry and other existing and new clients. The resulting recurring service fee income will provide sufficient assurance for the payment under the Purchase Agreement and further optimize the Group's cash flow.

4. DIRECTORS' CONFIRMATION

The Directors (including Independent non-executive Directors) are of the view that the above arrangements were made after arm's length negotiation and on normal commercial terms, and are in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 12 September 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 and Mr. Wang Dongjie as Non-executive Directors; and Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen as Independent non-executive Directors.