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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)

DISCLOSEABLE TRANSACTION THE SUBSCRIPTION OF STRUCTURED DEPOSITS

THE SUBSCRIPTION OF DEPOSITS

On 8 February 2021, Tat Hong Equipment Service Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) subscribed for two structured deposits (the “**Deposits**”) offered by the United Overseas Bank (China) Limited (“**UOB China**”) during the usual course of treasury management by the Group, the summary of which are as follows:

- (1) One structured deposit with a principal amount of RMB100 million and a deposit period of 91 days from 8 February 2021 to 10 May 2021 (“**Deposit A**”), on which the Deposit A had matured; and
- (2) One structured deposit with a principal amount of RMB100 million and a deposit period of 179 days from 8 February 2021 to 6 August 2021 (“**Deposit B**”), which remains effective as at the date of this announcement.

LISTING RULES IMPLICATIONS

As the Deposits were offered by the same bank and of a similar nature, the transactions in connection with the Deposits (the “**Transactions**”) would be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Deposits, on an aggregated basis, exceed 5% but all of the applicable percentage ratios are less than 25%, the Transactions in aggregate constituted a discloseable transaction of the Company which would be subject to the reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

THE DEPOSITS

On 8 February 2021, the Company subscribed for the Deposits offered by UOB China. The key terms of the Deposits are set out in the table below:

	Deposit A	Deposit B
Bank	UOB China	UOB China
Subscription Date	8 February 2021	8 February 2021
Amount of Deposit	RMB100 million	RMB100 million
Deposit Period	91 days from 8 February 2021 to 10 May 2021	179 days from 8 February 2021 to 6 August 2021
Protection of Principal	UOB China fully guaranteed the principal deposit of RMB100 million of each deposit on maturity.	
Interest Rate	Interest payable on maturity ranged from a minimum of 1% per annum (guaranteed interest return) to a maximum of 2.5% per annum (if the Euro/United States dollars exchange rate on 30 April 2021 was below 1.5)	Interest payable on maturity ranged from a minimum of 1% per annum (guaranteed interest return) to a maximum of 2.8% per annum (if the Euro/United States dollars exchange rate on 3 August 2021 is below 1.5)
Interests payable as at 31 March 2021	Approximately RMB0.4 million	Approximately RMB0.4 million

The Deposits were reflected in the Company's annual results announcement (the "**Annual Results**") and annual report (the "**Annual Report**") for the year ended 31 March 2021 as financial assets at fair value through profit or loss. Details of the Deposits were also disclosed in the Annual Report.

BASIS OF DETERMINING THE CONSIDERATION

The directors of the Company (the "**Directors**") confirmed that the consideration and the terms of each of the Deposits were determined after arm's length negotiation between the Company and UOB China, having taken into account (i) the then available surplus cash of the Group for treasury management purpose; (ii) the guaranteed interest return and variable interest rate of each of the Deposits; and (iii) the extremely low risk of changes in values of the principal amounts of the Deposits.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF THE DEPOSITS

The Deposits are of a principal protected nature with guaranteed interest return and variable interest rate. The funds for the Deposits are the Group's internal funds that were not immediately required for operation or capital expenditure purposes. The subscription of the Deposits is considered to be part of the Group's treasury management to improve the utilisation of its funds. By way of rational and effective utilisation of such funds, it is beneficial to the Group as it would improve the efficiency of fund usage and would likely bring higher return on capital as compared with time deposits.

In addition, the Company had fully considered its fund needs for daily operations and capital expenditure when subscribing for and determining the subscription amount of the Deposits, and ensured the subscription of the Deposits would not affect the working capital of the Group or the operation of the Group's principal business.

In light of the above, the Directors are of the view that the Deposits were made after arm's length negotiation and on normal commercial terms, and the terms thereof are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Deposits were offered by the same bank and of a similar nature, the Transactions would be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Deposits, on an aggregated basis, exceed 5% but all of the applicable percentage ratios are less than 25%, the Transactions in aggregate constituted a discloseable transaction of the Company which would be subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

It has been a long-standing and common practice of the Group to deposit available cash which is not immediately required into banks with interests. Given the understanding that the features of such deposits, including the Deposits, were readily convertible to a known amount of cash with extremely low risk of changes in values of their principal amounts, coupled with other features such as a principal protected nature, fixed short-term period, guaranteed interest return, variable interest rate, etc., they have been treated over the years consistently as bank deposits in the Group's internal records. As a result, the Company had not made any separate announcement about the subscription of the Deposits. The Deposits were subsequently treated as financial assets at fair value through profit or loss as shown in the Annual Results and the Annual Report.

Due to the above reasons, the Company did not timely comply with the relevant announcement requirements under Rule 14.34 of the Listing Rules at the relevant time, i.e. on 8 February 2021, the date on which the announcement obligation on the Company was first triggered as the highest applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the Deposits, on an aggregated basis, exceeded 5% and constituted a discloseable transaction of the Company.

In the future, the Directors will ensure that any similar deposits made by the Company will be reported and disclosed in accordance with Chapter 14 of the Listing Rules. To ensure compliance with the requirements under Chapter 14 of the Listing Rules in this respect, the Company will take the following corporate governance measures:

- (i) the Company will provide additional guidance and training to the Directors, senior management and the finance personnel of the Group regarding, in particular, (i) identification of notifiable transactions in accordance with the Listing Rules; (ii) the appropriate calculation of the percentage ratios relating to notifiable transactions under the Listing Rules; and (iii) the notification, publication and shareholders' approval requirements (as the case may be) of notifiable transactions, in order to strengthen their knowledge and awareness in relation thereto; and
- (ii) ongoing trainings will be developed and provided by the Company's external advisers to the Directors, senior management and relevant employees of the Group to familiarise them with the legal and regulatory requirements applicable to the business operations of the Group and to enhance their awareness and knowledge on the latest development of the Listing Rules.

The Directors are committed to achieving high standards of corporate governance including full compliance with the regulatory requirements and are of the view that the above measures could effectively prevent the occurrence of similar incident in the future.

INFORMATION OF THE COMPANY AND THE PARTIES TO THE TRANSACTIONS

The Company is an investment holding company. The Group is principally engaged in one-stop tower crane solution services from consultation, technical solution design, commissioning, construction to after-sale service primarily to the State Owned Special-tier and Tier 1 and 2 contractors in the People's Republic of China (the "PRC").

UOB China is a company established in the PRC and is principally engaged in the commercial banking business in the PRC. UOB China is a wholly-owned subsidiary of United Overseas Bank Limited, a company incorporated in Singapore and listed on the Singapore Exchange Limited (stock code: U11) and principally engaged in the business of banking. To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirmed that UOB China (including any of its directors, chief executive, controlling shareholders, substantial shareholders or ultimate beneficial owner) are third parties independent of the Group and its connected persons (as defined in the Listing Rules).

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

Hong Kong, 29 July 2021

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 and Mr. Liu Xin as Non-executive Directors; and Ms. Pan I-Shan, Mr. Wan Kum Tho and Dr. Huang Chao-Jen as Independent Non-executive Directors.