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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 TRANSACTIONS IN RELATION TO PURCHASES
OF MACHINES FROM VARIOUS SUPPLIERS**

PURCHASES OF MACHINES

On 27 August 2021, Jiangsu Hengxingmao, an indirect wholly-owned subsidiary of the Company, separately and independently entered into the Purchase Agreements with three different suppliers for the purchase of the Machines at a respective price of RMB107.5 million (equivalent to approximately HK\$129.12 million), RMB143.7 million (equivalent to approximately HK\$172.55 million) and RMB73.6 million (equivalent to approximately HK\$88.42 million).

LISTING RULES IMPLICATIONS

Taking into account the Group's series of purchases of Machines of similar nature as the present purchases that had been completed within a 12-month period before the respective date of the Purchase Agreement(s) from the relevant suppliers, as the highest applicable percentage ratio (as defined in the Listing Rules) of the present purchases with each supplier, either alone or in aggregate with previous purchases, exceeds 5% but is less than 25%, the purchases with each supplier constitute a discloseable transaction of the Company with the relevant supplier under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PURCHASE

Purchase of Machines from Supplier A

On 27 August 2021, Jiangsu Hengxingmao, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Agreement A with Supplier A for the purchase of Machines, the salient terms of which are set out below:

Date: 27 August 2021

Parties: (i) Jiangsu Hengxingmao; and

(ii) Supplier A, Zoomlion Heavy Industry Science and Technology Co., Ltd.* (中聯重科股份有限公司), a joint stock company established in the PRC with limited liability, with its A shares listed domestically (Shenzhen Stock Exchange: 000157) and H shares listed in Hong Kong (Stock Exchange: 1157). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Supplier A is principally engaged in the research, development, manufacturing, sale and services of construction machinery and agricultural machinery.

Supplier A's indirectly wholly-owned subsidiary, namely Zoomlion International Trading (H.K.) Co., Limited, was a cornerstone investor of the Company in the Global Offering and holds approximately 7.5% of the total issued shares of the Company.

Save for the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Supplier A is an Independent Third Party.

Assets purchased: The Machines, being tower cranes and the relevant ancillary parts and components.

Contract price: RMB107,536,190 (equivalent to approximately HK\$129.12 million) and will be paid on a per Machine order basis generally in the following manner:-

(i) 10% of the purchase price for the relevant Machine order to be paid as prepayment upon giving order to Supplier A to prepare the Machines for the Group's collection; and

- (ii) balance of the purchase price to be paid by various instalments starting from the month after the collection of the Machines, which is generally fully settled in or about a year.

Payment of the contract price will be funded by a combination of the proceeds raised from the Global Offering, the internal resources of the Group and/or bank borrowings of the Group. The terms (including the price) of the Purchase Agreement A were determined after arm's length negotiations between the parties after taking into account (i) the reputation of Supplier A; (ii) the quality of the Machines to be purchased; and (iii) the price of machines of a similar nature in the market, and in accordance with the standard purchase procedures of the Group including seeking, obtaining and considering quotations from other suppliers.

Collection of Machines: The Machines will be ordered and collected by the Group in batches. It is expected that all such Machines will have been collected by the Group by December 2021.

Purchase of Machines from Supplier B

On 27 August 2021, Jiangsu Hengxingmao, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Agreements B with Supplier B for the purchase of Machines, the salient terms of which are set out below:

Date: 27 August 2021

Parties: (i) Jiangsu Hengxingmao; and

(ii) Supplier B, Zhejiang Huba Construction Machinery Co., Ltd.* (浙江虎霸建設機械有限公司), a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Supplier B is principally engaged in the manufacturing, sales and rental of construction machinery and equipment, and their installation and maintenance; (ii) its ultimate controlling shareholders are Mr. Fan Shuirong* (范水榮) and Mr. Fan Linhui* (范林輝), both being a merchant; (iii) Supplier B holds approximately 1.0% of the total issued shares of the Company; and (iv) save for the aforesaid, Supplier B and its ultimate controlling shareholders are Independent Third Parties.

- Assets purchased: The Machines, being tower cranes and the relevant ancillary parts and components.
- Contract price: RMB143,707,105 (equivalent to approximately HK\$172.55 million). Jiangsu Hengxingmao shall pay the purchase price for the relevant Machines together with the relevant ancillary parts and components by various instalments, which is generally fully settled in or about a year after collection.
- Payment of the contract price will be funded by a combination of the proceeds raised from the Global Offering, the internal resources of the Group and/or bank borrowings of the Group. The terms (including the price) of the Purchase Agreements B were determined after arm's length negotiations between the parties after taking into account (i) the reputation of Supplier B; (ii) the quality of the Machines to be purchased; and (iii) the price of machines of a similar nature in the market, and in accordance with the standard purchase procedures of the Group including seeking, obtaining and considering quotations from other suppliers.
- Collection of Machines: The Machines will be collected by the Group in batches. It is expected that all such Machines will have been collected by the Group by November 2021.

Purchase of Machines from Supplier C

On 27 August 2021, Jiangsu Hengxingmao, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Agreements C with Supplier C for the purchase of Machines, the salient terms of which are set out below:

Date: 27 August 2021

Parties: (i) Jiangsu Hengxingmao; and

(ii) Supplier C, Shanghai Like Machinery Engineering Co., Ltd.* (上海莉克機械工程有限公司), a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Supplier C is principally engaged in the sales of construction and engineering equipment, repair and maintenance of equipment; (ii) its ultimate controlling shareholder is Mr. Wang Xihao (王希壕), a merchant; and (iii) Supplier C and its ultimate controlling shareholder are Independent Third Parties.

Assets purchased: The Machines, being tower cranes and the relevant ancillary parts and components.

Contract price: RMB73,638,200 (equivalent to approximately HK\$88.42 million). Jiangsu Hengxingmao shall pay the purchase price for the relevant Machines together with the relevant ancillary parts and component within six months after collection.

Payment of the contract price will be funded by a combination of the proceeds raised from the Global Offering, the internal resources of the Group and/or bank borrowings of the Group. The terms (including the price) of the Purchase Agreements C were determined after arm's length negotiations between the parties after taking into account (i) the reputation of Supplier C; (ii) the quality of the Machines to be purchased; and (iii) the price of machines of a similar nature in the market, and in accordance with the standard purchase procedures of the Group including seeking, obtaining and considering quotations from other suppliers.

Collection of Machines: The Machines will be collected by the Group in batches. It is expected that all such Machines will have been collected by the Group by October 2021.

REASONS FOR AND BENEFITS OF THE PURCHASE

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 contractors in the PRC. The Machines to be purchased under the Purchase Agreements are purchased for the Group's ordinary and usual course of conducting its tower crane solution services business. As the Group expands its business, the purchase of tower cranes and relevant ancillary parts and components is necessary.

Before entering into the Purchase Agreements, the Group has sought and obtained quotations from several suppliers apart from Supplier A, Supplier B and Supplier C. After considering, among others, the terms of sale of different suppliers, the Directors are of the view that each of the purchases from Supplier A, Supplier B and Supplier C was made after arm's length negotiation and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Purchase of Machines from Supplier A

The Group has previously purchased other Machines from Supplier A. The total price of such previous purchases which have completed within a 12-month period before the Purchase Agreement A amounted to approximately RMB69.9 million (equivalent to approximately HK\$83.89 million). As such previous purchases involve purchase of Machines from the same supplier and are of a similar nature as present purchase from Supplier A, they shall be aggregated as a series of transactions 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 said previous and present purchases, on an aggregated basis, exceed 5% but all of the applicable percentage ratios are less than 25%, the transactions in connection therewith in aggregate constitute 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.

Purchase of Machines from Supplier B

The Group has previously purchased other Machines from Supplier B. The total price of such previous purchases which have completed within a 12-month period before the Purchase Agreements B amounted to approximately RMB9.2 million (equivalent to approximately HK\$11.02 million). As such previous purchases involve purchase of Machines from the same supplier and are of a similar nature as the present purchase from Supplier B, they shall be aggregated as a series of transactions 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 said previous and present purchases, on an aggregated basis, exceed 5% but all of the applicable percentage ratios are less than 25%, the transactions in connection therewith in aggregate constitute 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.

Purchase of Machines from Supplier C

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the purchase of Machines from Supplier C exceed 5% but all of the applicable percentage ratios are less than 25%, the transactions in connection therewith constitute 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.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“Company”	Tat Hong Equipment Service Co., Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Exchange: 2153)
“Director(s)”	director(s) of the Company
“Global Offering”	the Hong Kong public offering and the international offering of the Company's shares as detailed in the prospectus of the Company dated 30 December 2020
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s) (having the meaning ascribed to it under the Listing Rules)
“Jiangsu Hengxingmao”	Jiangsu Hengxingmao Financial Leasing Co., Ltd.* (江蘇恒興茂融資租賃有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, and the Group’s centralised internal leasing entity to manage the purchase of most of its machinery, ancillary parts and components
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machines”	tower cranes and the relevant ancillary parts and components that are or will be used by the Group for its ordinary and usual course of business
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Agreements”	the Purchase Agreement A, Purchase Agreements B and Purchase Agreements C
“Purchase Agreement A”	the purchase agreement entered into between Jiangsu Hengxingmao and Supplier A on 27 August 2021 for the purchase of Machines from Supplier A
“Purchase Agreements B”	the purchase agreements entered into between Jiangsu Hengxingmao and Supplier B on 27 August 2021 for the purchase of Machines from Supplier B, which contain substantially the same terms save for information relating to the Machines being purchased, price and payment schedule
“Purchase Agreements C”	the purchase agreements entered into between Jiangsu Hengxingmao and Supplier C on 27 August 2021 for the purchase of Machines from Supplier C, which contain substantially the same terms save for information relating to the Machines being purchased and price
“RMB”	Renminbi, the lawful currency of the PRC

- “Stock Exchange” The Stock Exchange of Hong Kong Limited
- “Supplier A” Zoomlion Heavy Industry Science and Technology Co., Ltd.* (中聯重科股份有限公司), a joint stock company established in the PRC with limited liability, with its A shares listed domestically (Shenzhen Stock Exchange: 000157) and H shares listed in Hong Kong (Stock Exchange: 1157)
- “Supplier B” Zhejiang Huba Construction Machinery Co., Ltd.* (浙江虎霸建設機械有限公司), a company established in the PRC with limited liability
- “Supplier C” Shanghai Like Machinery Engineering Co., Ltd.* (上海莉克機械工程有限公司), a company established in the PRC with limited liability

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

Hong Kong, 27 August 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.

* *For identification purpose only*