

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



2021/2022

INTERIM REPORT

* For identification purpose only

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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

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

AUTHORISED REPRESENTATIVES

Mr. Yau Kok San

Ms. Chan Tsz Yu

COMPLIANCE ADVISER

Fortune Financial Capital Limited

4102-6, 41/F, COSCO Tower

183 Queen's Road Central

Hong Kong

LEGAL ADVISER

TC & Co., Solicitors, Hong Kong

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

Level 54, Hopewell Centre

183 Queen's Road East

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 2021

	Note	Six months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	7	415,599	410,539
Cost of sales		(296,148)	(262,985)
Gross profit		119,451	147,554
Selling and distribution expenses		(8,500)	(8,720)
General and administrative expenses		(46,653)	(39,656)
Research and development expenses		(12,847)	(12,288)
Reversal of/(provision for) financial assets and contract assets	5.1	20	(422)
Other income		10,696	3,884
Other gains, net		987	2,061
Operating profit		63,154	92,413
Finance costs		(12,393)	(9,671)
Finance income		433	151
Profit before income tax		51,194	82,893
Income tax expense	8	(12,706)	(21,017)
Profit for the period		38,488	61,876
Profit for the period attributable to:			
Owners of the Company		38,488	61,876
Other comprehensive income, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		238	80
Other comprehensive income for the period, net of tax		238	80
Total comprehensive income for the period, net of tax		38,726	61,956
Basic and diluted earnings per share (expressed in RMB per share)	10	0.03	0.07

The notes on page 9 to 34 are an integral part of these unaudited consolidated financial statements.

The financial statements were approved by the Board of Directors on 26 November 2021 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 2021

	Note	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,508,577	1,136,550
Right-of-use assets	12	73,503	94,401
Intangible assets	13	27,817	30,034
Contract assets	6	36,567	32,916
Other non-current assets		23,561	46,818
Total non-current assets		1,670,025	1,340,719
Current assets			
Inventories		32,727	21,022
Contract assets	6	248,812	234,269
Trade receivables	14	587,921	454,428
Prepayments and other receivables		106,273	66,913
Financial assets at fair value through other comprehensive income		16,256	14,058
Financial assets at fair value through profit or loss		—	200,816
Cash and cash equivalents		209,632	149,515
Total current assets		1,201,621	1,141,021
Total assets		2,871,646	2,481,740

The notes on page 9 to 34 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2021

	Note	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	17	447,358	356,696
Lease liabilities	12	22,311	34,177
Deferred income tax liabilities		86,010	84,037
Provisions		23,312	23,770
Total non-current liabilities		578,991	498,680
Current liabilities			
Trade and bills payables	18	482,525	169,623
Contract liabilities	6	2,394	8,325
Other payables and accruals		73,271	66,292
Borrowings	17	124,279	125,932
Lease liabilities	12	20,936	33,013
Provisions		28,676	28,946
Total current liabilities		732,081	432,131
Total liabilities		1,311,072	930,811
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	15	593,026	593,026
Reserves	16	539,928	539,690
Retained earnings		427,620	418,213
Total equity		1,560,574	1,550,929
Total equity and liabilities		2,871,646	2,481,740

The notes on page 9 to 34 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 2021

	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 2020	441,458	—	243,605	32,690	12	331,862	1,049,627
Profit for the period	—	—	—	—	—	61,876	61,876
Other comprehensive income:							
– Currency translation difference	—	—	—	—	80	—	80
Total comprehensive income	—	—	—	—	80	61,876	61,956
Dividends (Note 9)	—	—	—	—	—	(7,646)	(7,646)
At 30 September 2020	441,458	—	243,605	32,690	92	386,092	1,103,937
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 9)	—	—	—	—	—	(29,081)	(29,081)
At 30 September 2021	593,026	256,377	243,605	39,928	18	427,620	1,560,574

The notes on page 9 to 34 are an integral part of these unaudited consolidated financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Note	Six months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		113,347	146,659
Interest received		433	151
Interest paid		(9,273)	(9,886)
Income taxes paid		(11,361)	(13,062)
Net cash inflow from operating activities		93,146	123,862
Cash flows from investing activities			
Payments for property, plant and equipment		(320,219)	(150,779)
Proceeds from disposals of property, plant and equipment and right-of-use assets		15,802	14,469
Proceeds from redemption of financial assets at fair through profit or loss		200,050	—
Interest received on financial assets at fair through profit or loss		2,003	—
Net cash outflow from investing activities		(102,364)	(136,310)
Cash flows from financing activities			
Proceeds from borrowings		466,169	112,581
Repayment of borrowings		(377,861)	(43,305)
Loans from a related party	20	—	19,021
Payments for lease liabilities		(18,634)	(17,047)
Payments of listing expenses		—	(6,521)
Net cash inflow from financing activities		69,674	64,729
Net increase in cash and cash equivalents		60,456	52,281
Cash and cash equivalents at beginning of the period		149,515	44,430
Effects of exchange rate changes on cash and cash equivalents		(339)	(420)
Cash and cash equivalents at end of the period		209,632	96,291

The notes on page 9 to 34 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 Law (Cap. 22, Law 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 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 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 26 November 2021.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group 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 2021, 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 2021.

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 2021 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 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022
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
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)		1 January 2022
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.

Notes to 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 2021.

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 2021.

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

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, financial assets at fair value through profit or losses, 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.

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

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 2021						
Trade receivables						
Gross carrying amount	108,260	245,744	112,032	92,087	35,529	593,652
Expected loss rate	(0.29%)	(0.60%)	(1.05%)	(1.52%)	(3.82%)	(0.97%)
Loss allowance	(314)	(1,484)	(1,177)	(1,397)	(1,359)	(5,731)
Contract assets – current and non-current						
Gross carrying amount	286,209	–	–	–	–	286,209
Expected loss rate	(0.29%)	–	–	–	–	(0.29%)
Loss allowance	(830)	–	–	–	–	(830)
	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 2021						
Trade receivables						
Gross carrying amount	96,531	203,899	75,201	58,850	25,642	460,123
Expected loss rate	(0.33%)	(0.71%)	(1.20%)	(1.63%)	(8.05%)	(1.24%)
Loss allowance	(318)	(1,448)	(905)	(959)	(2,065)	(5,695)
Contract assets – current and non-current						
Gross carrying amount	268,076	–	–	–	–	268,076
Expected loss rate	(0.33%)	–	–	–	–	(0.33%)
Loss allowance	(891)	–	–	–	–	(891)

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Contract assets		
At the beginning of the period	891	1,585
(Reversal of)/provision for previous impairment losses	(61)	343
	<hr/>	<hr/>
At the end of the period	830	1,928
	<hr/>	<hr/>
Trade receivables		
At the beginning of the period	5,695	6,717
Provision for previous impairment losses	41	79
Currency translation differences	(5)	—
	<hr/>	<hr/>
At the end of the period	5,731	6,796
	<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 2021 and the year ended 31 March 2021. 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 2021 and 31 March 2021, 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.

(v) Credit risk of financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss mainly comprise structured deposits issued by a listed bank. It is considered to have low credit risk because principal of structured deposits is guaranteed. The deposits 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 2021					
Borrowings	124,279	75,242	372,116	—	571,637
Trade and bills payables	482,525	—	—	—	482,525
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	45,065	—	—	—	45,065
Interest payable	20,687	16,711	28,190	—	65,588
Lease liabilities	24,446	13,203	14,019	1,451	53,119
	697,002	105,156	414,325	1,451	1,217,934
	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 2021					
Borrowings	125,932	78,932	277,764	—	482,628
Trade and bills payables	169,623	—	—	—	169,623
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	37,776	—	—	—	37,776
Interest payable	9,762	7,337	5,166	—	22,265
Lease liabilities	37,624	18,505	15,063	1,774	72,966
	380,717	104,774	297,993	1,774	785,258

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 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at September 30, 2021				
Assets				
Financial assets at fair value through other comprehensive income	—	—	16,256	16,256
As at March 31, 2021				
Assets				
Financial assets at fair value through other comprehensive income	—	—	14,058	14,058
Financial assets at fair value through profit or loss	—	—	200,816	200,816
	—	—	214,874	214,874

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

Level 3 financial assets at fair value through profit or loss mainly comprise structured deposits which are not traded in an active market. The fair value of the structured deposits is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The structured deposits are principal guaranteed and the yield are linked to the exchange rate.

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
2021	2021		2021	2021
RMB'000	RMB'000			
16,256	14,058	Discount rates quoted in main state-owned banks	3.77%	4.56%

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 2021 and 31 March 2021 by approximately RMB41,000/RMB42,000 and RMB90,000/RMB91,000, 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	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	82,295	65,916

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 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Contract assets		
Non-current	36,672	33,003
Loss allowance	(105)	(87)
	36,567	32,916
Current	249,537	235,073
Loss allowance	(725)	(804)
	248,812	234,269
Total contract assets	285,379	267,185
	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Contract liabilities	2,394	8,325

(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 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	5,723	5,728

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 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
One-stop tower crane solution services	712,212	749,241
Dry lease	3,620	2,244
	715,832	751,485

The Company expects that unsatisfied one-stop tower crane solution services and dry lease of approximately RMB550,575,000 as of 30 September 2021 will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB165,257,000 will be recognised as revenue after 1 year but less than 5 years.

7 REVENUE

An analysis of revenue is as follows:

Timing of revenue recognition – Over the time

One-stop tower crane solution services:

- Operating Lease
- Hoisting Service

Dry lease

**Six months ended
30 September
2021
RMB'000
(Unaudited)**

2020
RMB'000
(Unaudited)

	192,806	216,230
	220,460	191,083
	2,333	3,226
	415,599	410,539

Notes to the Unaudited Condensed Consolidated Financial Statements

8 INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	10,733	5,623
Deferred income tax	1,973	15,394
Income tax expense	12,706	21,017

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 2018, the Group's subsidiary, China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd., was accredited as a high-tech enterprise, and was entitled to the preferential tax rate of 15% for three years effective from 2018.

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 2021 is 24.8% (for the six months ended 30 September 2020: 25.4%).

Notes to the Unaudited Condensed Consolidated Financial Statements

9 DIVIDENDS

Pursuant to the resolution of the shareholders' meeting held on 24 September 2020, dividends of RMB7,646,000 were approved by the Company to its shareholders. All dividend has been paid in cash on 14 December 2020 and 15 December 2020.

Pursuant to the resolution of the shareholders' 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.

	Six months ended	
	30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividend payable at the beginning of the period	—	—
Declaration of dividends	29,081	7,646
Dividends paid	—	—
	<hr/>	<hr/>
Dividend payable at the end of the period	29,081	7,646
	<hr/>	<hr/>

On 26 November 2021, the board of directors recommended a special dividend of HKD0.03 per share, amounting to a total dividend of approximately HKD35,006,000. These unaudited condensed consolidated financial statements do not reflect this dividend payable.

10 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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to the ordinary equity holders of the Company	38,488	61,876
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	1,166,871	875,151
	<hr/>	<hr/>
Basic and diluted earnings per share (RMB)	0.03	0.07
	<hr/>	<hr/>

Notes to the Unaudited Condensed Consolidated Financial Statements

11 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 2020 and 1 April 2020							
Cost	7,901	1,823,485	9,452	7,542	11,786	4,251	1,864,417
Accumulated depreciation	(237)	(689,735)	(5,717)	(5,100)	(7,675)	–	(708,464)
Net book amount	7,664	1,133,750	3,735	2,442	4,111	4,251	1,155,953
Year ended 31 March 2021							
Opening net book amount	7,664	1,133,750	3,735	2,442	4,111	4,251	1,155,953
Additions	3,808	183,518	2,573	1,437	994	10,814	203,144
Disposals	–	(24,944)	(175)	(89)	(47)	(2,224)	(27,479)
Depreciation	(416)	(191,496)	(982)	(633)	(1,541)	–	(195,068)
Transfer	530	4,650	–	236	633	(6,049)	–
Net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550
As at 31 March 2021							
Cost	12,240	1,850,057	10,273	8,439	12,953	6,792	1,900,754
Accumulated depreciation	(654)	(744,579)	(5,122)	(5,046)	(8,803)	–	(764,204)
Net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550
Six months ended 30 September 2021							
Opening net book amount	11,586	1,105,478	5,151	3,393	4,150	6,792	1,136,550
Additions	–	476,646	2,209	1,077	1,221	4,287	485,440
Disposals	–	(10,178)	(34)	(31)	–	–	(10,243)
Depreciation	(284)	(101,222)	(691)	(418)	(555)	–	(103,170)
Transfer	2,209	6,677	–	–	–	(8,886)	–
Net book amount	13,511	1,477,401	6,635	4,021	4,816	2,193	1,508,577
As at 30 September 2021							
Cost	14,449	2,255,209	12,140	9,325	14,174	2,193	2,307,490
Accumulated depreciation	(938)	(777,808)	(5,505)	(5,304)	(9,358)	–	(798,913)
Net book amount	13,511	1,477,401	6,635	4,021	4,816	2,193	1,508,577

As at 30 September 2021, the Group pledged machineries with carrying amount of approximately RMB732,492,000 for the lease liabilities (Note 12) and bank borrowings of the Group (Note 17) (31 March 2021: RMB976,568,000).

Notes to the Unaudited Condensed Consolidated Financial Statements

12 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 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Right-of-use assets		
Land-use rights	12,814	13,018
Machinery	32,398	51,438
Office	17,928	13,854
Warehouse	9,975	15,116
Others	388	975
	73,503	94,401
Lease liabilities		
Current	20,936	33,013
Non-current	22,311	34,177
	43,247	67,190

Additions to the right-of-use assets during the six months ended 30 September 2021 and the year ended 31 March 2021 were RMB14,265,000 and RMB55,864,000.

As at 30 September 2021, the lease liabilities of RMB2,638,000 were secured by the pledge of machinery with carrying value of RMB16,071,000(31 March 2021: RMB14,237,000).

(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 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets		
Land-use rights	203	220
Machinery	12,724	11,110
Office	3,327	2,367
Warehouse	1,430	1,444
Others	130	4
	17,814	15,145
Interest expense (included in finance costs)	1,419	1,575

The total cash outflow for leases of the six months ended 30 September 2021 and 2020 were RMB32,005,000 and RMB25,875,000.

Notes to the Unaudited Condensed Consolidated Financial Statements

13 INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Capitalised development costs RMB'000	Total RMB'000
As at 31 March 2020 and 1 April 2020				
Cost	8,946	36,654	852	46,452
Accumulated amortisation	(3,793)	(8,122)	—	(11,915)
Net book amount	5,153	28,532	852	34,537
Year ended 31 March 2021				
Opening net book amount	5,153	28,532	852	34,537
Amortisation charge	(831)	(3,672)	—	(4,503)
Transfer	852	—	(852)	—
Net book amount	5,174	24,860	—	30,034
	Software RMB'000	Patent RMB'000	Total RMB'000	
As at 31 March 2021				
Cost		9,798	36,654	46,452
Accumulated amortisation		(4,624)	(11,794)	(16,418)
Net book amount		5,174	24,860	30,034
Six months ended 30 September 2021				
Opening net book amount		5,174	24,860	30,034
Amortisation charge		(387)	(1,830)	(2,217)
Net book amount		4,787	23,030	27,817
As at 30 September 2021 and 1 October 2021				
Cost		9,798	36,654	46,452
Accumulated amortisation		(5,011)	(13,624)	(18,635)
Net book amount		4,787	23,030	27,817

Notes to the Unaudited Condensed Consolidated Financial Statements

14 TRADE RECEIVABLES

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Accounts receivable	593,652	460,123
Less: provision for impairment	(5,731)	(5,695)
	587,921	454,428

The majority of the Group's receivables are with credit term from 30 days to 90 days. At 30 September 2021 and 31 March 2021, the aging analysis of the trade receivables, based on due date, was as follows:

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Accounts receivable		
Within credit term	108,260	96,531
Less than 180 days past due	245,744	203,899
181 days to 365 days past due	112,032	75,201
1 to 2 years past due	92,087	58,850
More than 2 years past due	35,529	25,642
	593,652	460,123

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 2021, the Group pledged accounts receivables with carrying amount of approximately RMB30,000,000 for the bank borrowings of the Group (Note 17).

As at 31 March 2021, the Group pledged accounts receivables with carrying amount of approximately RMB20,000,000 for the bank borrowings of the Group (Note 17).

The Group's trade receivables were denominated in RMB.

Notes to the Unaudited Condensed Consolidated Financial Statements

15 SHARE CAPITAL

Share capital as at 30 September 2021 and 31 March 2021, 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 2021 and 31 March 2021 (ordinary shares of USD0.08 each)	1,875,000	1,166,871	93,350	593,026

On 13 January 2021, the Company issued 291,720,000 new ordinary shares at USD0.08 each with HKD1.73 per share and raised gross proceeds of approximately HKD504,675,600 (equivalent to RMB422,817,000). The excess over the par value of USD23,337,600 (equivalent to RMB151,568,000) net of the transaction costs of approximately RMB14,872,000 was credited to share premium with an amount of RMB256,377,000.

16 RESERVES

Reserves of the Group during the six months ended 30 September 2021 and the year ended 31 March 2021 comprised of share premium, capital reserve, statutory reserve and translation reserve.

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

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.

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.

Notes to the Unaudited Condensed Consolidated Financial Statements

17 BORROWINGS

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Non-current		
Bank borrowings — Secured	447,358	356,696
Current		
Bank borrowings — Secured	124,279	124,932
Bank borrowings — Unsecured	—	1,000
Total borrowings	571,637	482,628

As at 30 September 2021 and 31 March 2021, the Group's borrowings were repayable as follows:

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Within 1 year	124,279	125,932
Between 1 and 2 years	75,242	78,932
Between 2 and 5 years	372,116	277,764
	571,637	482,628

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

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
USD	273,353	—
SGD	34,300	329,323
RMB	263,984	153,305
	571,637	482,628

Notes to the Unaudited Condensed Consolidated Financial Statements

17 BORROWINGS (Continued)

The weighted average effective interest rates per annum for the six months ended 30 September 2021 and the year ended 31 March 2021 were as follows:

	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2021 (Audited)
USD	2.9%	—
SGD	4.8%	3.5%
RMB	5.2%	6.1%

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 11, Note 12 and Note 14):

- (i) As at 30 September 2021, the syndicated bank borrowings of RMB236,986,000 were guaranteed by certain subsidiaries, including China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (“**Huaxing Tat Hong**”), Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd. (“**Zhongjian Tat Hong**”), Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd. (“**Changzhou Tat Hong**”), Jiangsu Hengxingmao Financial Leasing Co., Ltd. (“**Hengxingmao**”) and the company, and secured by the pledge of machinery with carrying value of RMB359,333,000.

The borrowings of RMB34,300,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB58,876,000.

The borrowings of RMB66,089,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and Hengxingmao, and the Company, and secured by the pledge of machinery with carrying value of RMB97,676,000.

The borrowings of RMB165,262,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB200,536,000.

The borrowings of RMB5,000,000 were guaranteed by Tat Hong Zhaomao Investment Group Co., Ltd. (“**Tat Hong Zhaomao**”), and secured by the land-use rights with carrying value of RMB12,814,000 and the buildings with carrying value of RMB13,511,000.

The borrowings of RMB30,000,000 were guaranteed by the Company, and secured by the same amount of accounts receivable of third-party.

The borrowings of RMB25,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB9,000,000 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.

Notes to the Unaudited Condensed Consolidated Financial Statements

17 BORROWINGS (Continued)

- (ii) As at 31 March 2021, the syndicated bank borrowings of RMB288,229,000 were secured by the pledge of the equity shares of certain subsidiaries, including 100% of Tat Hong Zhaomao, 63% of Hengxingmao, 42% of Zhongjian Tat Hong and 41% of Huaxing Tat Hong.

The borrowings of RMB41,094,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB60,229,000.

The borrowings of RMB32,500,000 were guaranteed by certain subsidiaries, including Huaxing Tat Hong, Zhongjian Tat Hong, Changzhou Tat Hong and Tat Hong Zhaomao, and the Company, and secured by the pledge of machinery with carrying value of RMB820,710,000 and equity shares of certain subsidiaries, including 100% of Changzhou Tat Hong, 59% of Huaxing Tat Hong, 37% of Hengxingmao and 58% of Zhongjian Tat Hong.

The borrowings of RMB19,443,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB25,385,000.

The borrowings of RMB49,362,000 were guaranteed by the Company, and secured by the pledge of machinery with carrying value of RMB56,007,000.

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

The borrowings of RMB25,000,000 were guaranteed by Tat Hong Zhaomao.

The borrowings of RMB6,000,000 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.

18 TRADE AND BILLS PAYABLES

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Accounts payable	441,260	132,815
Bills payable	41,265	36,808
	482,525	169,623

Notes to the Unaudited Condensed Consolidated Financial Statements

18 TRADE AND BILLS PAYABLES (Continued)

As at 30 September 2021 and 31 March 2021, 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 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Within 3 months	299,800	102,959
Between 3 months and 1 year	126,684	21,170
Between 1 year and 2 years	11,712	6,041
Between 2 years and 3 years	870	966
Between 3 years and 5 years	1,446	1,407
Over 5 years	748	272
	441,260	132,815

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

19 COMMITMENTS

(i) Capital commitments

As at 30 September 2021 and 31 March 2021, the Group had the following capital commitments:

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Contracted but not provided for – Property, plant and equipment	65,388	394

(ii) Lease commitments

As at 30 September 2021 and 31 March 2021, the Group had the following lease commitments:

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
No later than 1 year	6,096	11,745

Notes to the Unaudited Condensed Consolidated Financial Statements

20 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
China Nuclear Industry Huaxing Construction Co., Ltd. (" China Nuclear Industry ")	Controlled by a director of the 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

(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) Services provided to related parties

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Controlled by a director of the Company	38,304	20,679
Controlled by Yongmao	—	22
	38,304	20,701

(ii) Machineries and consumables purchased from related parties

	Six months ended 30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Controlled by Yongmao	90,591	10,945

Notes to the Unaudited Condensed Consolidated Financial Statements

20 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

(iii) Loans from a related party

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Intermediate parent company	—	19,021

(iv) Rental expenses

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Controlled by Yongmao	—	302
Under common control by THH	33	24
	33	326

(v) Interest income

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loans to a related party		
— Intermediate parent company	—	89

(vi) Interest expenses

	Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loans from a related party		
— Intermediate parent company	—	1,405

(c) Terms and conditions

The interest rate per annum on the loans to a related party was 4.35% during the six months ended 30 September 2020.

The weighted average interest rates of loans from a related party was approximately 4.85% per annum during the six months ended 30 September 2020.

Notes to the Unaudited Condensed Consolidated Financial Statements

20 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

(i) Receivables from related parties

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Trade		
Contract assets		
— Controlled by a director of the Company	18,948	17,330
Accounts receivable		
— Controlled by a director of the Company	36,160	23,755
— Controlled by Yongmao	185	249
	36,345	24,004

(ii) Prepayments to related parties

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Trade		
Controlled by Yongmao	6,765	8,480

(iii) Payables to related parties

	As at 30 September 2021 RMB'000 (Unaudited)	As at 31 March 2021 RMB'000 (Audited)
Trade		
Accounts payable		
— Controlled by Yongmao	63,377	9,053
— Under common control by THH	66	27
— Controlled by a director of the Company	186	202
	63,629	9,282

Notes to the Unaudited Condensed Consolidated Financial Statements

20 RELATED PARTY TRANSACTIONS *(Continued)*

(e) 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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonus and other welfare	3,392	2,994

Management Discussion and Analysis

Business Review

We are the first foreign-owned tower crane service provider established in the PRC, and one of the leading crane rental companies in the Asia-Pacific region.

The Group provides one-stop tower crane solution services from consultation, technical design, commissioning, construction to after-sales services primarily to Chinese Special-tier and Tier-1 EPC contractors. We principally engage in engineering, procurement and construction projects (“**EPC projects**”) in infrastructure, energy, commercial and residential sectors conducted by our customers mainly in the PRC.

During the six months ended 30 September 2021, the Group expanded its business by purchasing additional tower cranes and relevant ancillary parts and components to meet the increasing customers’ demand. As at 30 September 2021, we managed a total of 1,257 tower cranes, which have been equipped to cater for our customers’ specialised range of EPC projects throughout the PRC.

We are well-recognised in the construction industry and has upheld an enviable reputation in our awareness to workers’ safety, service quality and technical strength. We possess Class A Certificate for Erection, Modification and Maintenance of Special Type Equipment (特種設備安裝改造維修許可證(起重機械A級)) granted by the Jiangsu Quality and Technology Supervisory Bureau (江蘇省質量技術監督局) and Construction Enterprise Qualification Certificate (建築業企業資質證書) and grade of Class One Lifting Equipment Erection and Project Outsourcing (起重設備安裝工程專業承包一級) issued by the Jiangsu Housing and Urban Rural Construction Department (江蘇省住房和城鄉建設廳) for conducting tower crane service business in the PRC. We currently possess 56 registered patents for utility models and inventions relating to tower cranes.

The Group is currently operating eight tower crane yards at the leased properties in Hefei, Wuxi, Taicang, Chongqing and Dongguan in the PRC. It is mainly engaged in the stacking of equipment and the provision of repair and maintenance services. Jiangsu Ronghe Tat Hong Machinery Construction Co., Ltd.* (江蘇融合達豐機械工程有限公司), a company established under the laws of the PRC in 2019 with limited liability and an indirect wholly-owned subsidiary of our Company, is the refurbishment center (智能再製造中心) of the Group, equipped with production line workshops for electrical, mechanical and hydraulic maintenance, structural machining, painting workshops and other ancillary functions, and has refurbished more than 200 tower cranes. The Group has continuously enhanced its manufacturing and processing capabilities for tower cranes and their ancillary structural components, and aims to establish a standardized after-market service eco-system for tower cranes. In addition to enhancing the manufacturing capability, the Group also places emphasis on the installation and implementation of pollution prevention equipment and dust removal system in the workshops, so as to provide a sustainable foundation for building a green, energy-saving, safe and environmental-friendly tower crane service industry value chain.

In the area of digitization, the Group is committed to improve the operational and management efficiency through developing the digital management platform “iSmartCon”. The Group continues to upgrade and improve the safety inspection, repair and maintenance, and asset management modules of the “iSmartCon”. This will improve the operational efficiency of frontline staff, as well as strengthen the contract compliance. We conduct routine inspections to verify the data, and enhance the integrity and accuracy of the data. We aim to further increase the level of interaction amongst the Group’s various information systems so as to improve the responsiveness and relevance of decision making for both operation and management.

Operating Results

The Group recorded a net profit of approximately RMB38.5 million for the six months ended 30 September 2021 representing a decrease of approximately 37.8% as compared with the net profit of approximately RMB61.9 million for the six months ended 30 September 2020.

Management Discussion and Analysis

Future Development

Under the gradual alleviation of the impact of the COVID-19 pandemic and the recovery of the domestic economy in the PRC, the Group is confident to achieve satisfactory results in the coming months, due to our leading position and long history in the tower crane service industry and our strong relationship with Special-tier and Tier-1 EPC contractors in the PRC.

Looking forward, our Group will continue to provide comprehensive mix of safe, reliable and quality tower cranes and services to support and complement our customers' core operation, so as to achieve steady growth in market size and customer base. Our Group is determined to enhance our capabilities particularly in our refurbishment center (智能再製造中心) and in clean energy sector. We will continue to strive to be a leading tower crane service provider in the PRC, and generate more fruitful returns for our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB415.6 million for the six months ended 30 September 2021, representing an approximately 1.2% increase from that for the six months ended 30 September 2020, primarily due to the increase in our total tonne metres of tower cranes in use from 1,237,026 for the six months ended 30 September 2020 to 1,479,145 for the six months ended 30 September 2021.

Cost of Sales

Our cost of sales increased by approximately 12.6% from approximately RMB263.0 million for the six months ended 30 September 2020 to approximately RMB296.1 million for the six months ended 30 September 2021. Such increase was primarily attributable to the increase in our labour subcontracting costs from approximately RMB108.2 million for the six months ended 30 September 2020 to RMB133.3 million for the six months ended 30 September 2021, primarily due to the increase in the average number of outsource labour from 2,759 for the six months ended 30 September 2020 to 3,295 for the six months ended 30 September 2021.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 19.0% from approximately RMB147.6 million for the six months ended 30 September 2020 to approximately RMB119.5 million for the six months ended 30 September 2021. Our overall gross profit margin decreased from approximately 36.0% for the six months ended 30 September 2020 to approximately 28.8% for the corresponding period in 2021. Such decrease in gross profit and gross profit margin was mainly due to an increase in the cost of labour subcontracting, salaries and benefits of our own project operational staff.

Other income

Our other income mainly comprised of value-add tax refund and government grants. The other income for the six months ended 30 September 2021 was approximately RMB10.7 million, representing an increase of approximately RMB6.8 million or approximately 174.4% as compared to that of approximately RMB3.9 million for the six months ended 30 September 2020. The increase was mainly due to the receipt of government grants amounting to RMB5.8 million and a subsidy of RMB1.0 million for listing on the Hong Kong Stock Exchange from Minhang District Economic Commission.

Management Discussion and Analysis

Research and development expenses

Our research and development expenses increased slightly from approximately RMB12.3 million for the six months ended 30 September 2020 to approximately RMB12.8 million for the six months ended 30 September 2021.

Selling and distribution expenses

Our selling and distribution expenses slightly decreased by approximately 2.3% from approximately RMB8.7 million for the six months ended 30 September 2020 to approximately RMB8.5 million for the six months ended 30 September 2021.

General and administrative expenses

Our general and administrative expenses mainly comprised of professional expenses, salaries costs and depreciation expenses. The general and administrative expenses for the six months ended 30 September 2021 amounted to approximately RMB46.7 million, representing an increase of approximately RMB7.0 million or approximately 17.6% as compared to that of approximately RMB39.7 million for the corresponding period in 2020. The increase was mainly due to the increase in average staff salaries by approximately 10%, and the absence of one-off waiver in Social Security payments as part of COVID-19 pandemic measures during the six months ended 30 September 2021.

Finance costs

Our finance costs for the six months ended 30 September 2021 was approximately RMB12.4 million, representing an increase of approximately RMB2.7 million or approximately 27.8% as compared to that of approximately RMB9.7 million for the same period in 2020. The increase was primarily due to the recognition of RMB3.7 million net exchange losses which arose from foreign currency borrowings for the period ended 30 September 2021 as compared to RMB1.1 million net exchange gains which incurred from foreign currency borrowings for the six months ended 30 September 2020.

Income tax expenses

Our income tax expenses for the six months ended 30 September 2021 decreased by approximately 39.5% from approximately RMB21.0 million for the six months ended 30 September 2020 to approximately RMB12.7 million for the six months ended 30 September 2021. Such decrease was due to decrease in operating profits.

Profit for the period

For the six months ended 30 September 2021, the Group recorded profit for the period of approximately RMB38.5 million, representing a decrease of approximately RMB23.4 million or approximately 37.8% from approximately RMB61.9 million for the same period of prior year. The decrease was primarily due to the combined effects of the above-mentioned.

Working capital structure

The Group's net current assets amounted to approximately RMB469.5 million as at 30 September 2021, representing a decrease of approximately RMB239.4 million from that as at 31 March 2021, which was mainly due to the increase in trade payables during the period.

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Management Discussion and Analysis

Liquidity and financial management

Substantial amount of capital is required to fund our purchase 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 30 September 2021, the cash and cash equivalents plus financial assets at fair value through profit or loss were approximately RMB209.6 million, representing a decrease of approximately RMB140.7 million when compared with those as at 31 March 2021. The Group's total borrowings amounted to approximately RMB571.6 million as at 30 September 2021, representing an increase of approximately RMB89.0 million or approximately 18.4% from approximately RMB482.6 million as at 31 March 2021.

The Group's current ratio was 1.64 times as at 30 September 2021, as compared to that of 2.64 times as at 31 March 2021. The decrease in current ratio was mainly attributable to the increase in trade payables during the period.

The gearing ratio of the Group, which represents the total sum of borrowings, loans from a related party and lease liabilities, divided by total equity, was 39.4% as at 30 September 2021, as compared to that of 35.5% as at 31 March 2021.

Pledge of assets

As at 30 September 2021, the Group has pledged machineries with carrying amount of approximately RMB732.5 million for the lease liabilities and bank borrowings of the Group to secure banking facilities granted to the Group.

Lease Liabilities

The lease liabilities decreased by approximately 35.7% from approximately RMB67.2 million as at 31 March 2021 to approximately RMB43.2 million as at 30 September 2021. This was mainly due to the decrease of right-of-use assets. The decrease in the right-of-use assets was mainly attributable to the decrease of rental equipment from outside of the Group.

CAPITAL COMMITMENT

As at 30 September 2021, the contracted but not delivered property, plant and equipment was approximately RMB65.4 million, representing an increase of approximately RMB65.0 million from that as at 31 March 2021.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

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 insignificant. 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 2021.

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

During the six months ended 30 September 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 30 September 2021, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENT HELD

Save for the short-term fixed deposits (balance as at 31 March 2021: approximately RMB200.8 million) which had matured on 10 May 2021 and 6 August 2021 respectively, the Group did not hold any significant investment during the six months ended 30 September 2021.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed a total of 1,180 employees who include the directors of the Company and those of subsidiaries. The total staff costs for the six months ended 30 September 2021 was approximately RMB49.2 million, an increase of approximately 39.0% when compared with that for the six months ended 30 September 2020. Such increase was mainly attributable to the increase in the number of employees and salary increment and due to the expansion of the Company and the increase of wages.

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 relating to the profit of the relevant company. 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.

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 payable by the Group in connection with the Global Offering. As at 30 September 2021, the amount of Net Proceeds which remain unutilised amounted to approximately HKD178.0 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 2021:

Usage	% of Total Net Proceeds	Planned Allocation of the Net Proceeds HKD'000	Utilised Net Proceeds as at 30 September 2021 HKD'000	Unutilised Net Proceeds as at 30 September 2021 HKD'000	Expected Timeline of Full Utilisation of the Net Proceeds
Purchase tower cranes	63.0%	305,865	193,180	112,685	31 March 2023
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	11,895	13,837	31 March 2023
Hire additional personnel equipped with special skills to improve our service capacity and competitiveness	3.2%	15,536	1,020	14,516	31 March 2023
Repay part of our bank borrowings	18.5%	89,817	89,817	—	—
Working capital and other general corporate purposes	10%	48,550	11,603	36,947	31 March 2023
	100%	485,500	307,515	177,985	

As at the date of this report, the Group does not anticipate any change to the plan as to the use of the Net Proceeds as set out in the Prospectus.

Management Discussion and Analysis

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2021.

SPECIAL DIVIDEND

The Board has recommended a special dividend of HKD0.03 per Share amounting to a total dividend of approximately HKD35,006,000 (the “**Special Dividend**”) to appreciate the support of the shareholders of the Company (the “**Shareholders**”) and to offer them with a better return. Looking forward, along with the massive government promotion of prefabricated buildings, strong shift to renewable energy to attain carbon neutral by 2060, and the regional development strategies in the PRC including Greater Bay Area, Yangtze River Economic Belt and Chengdu-Chongqing Dual Economic Ring, the tower crane service market is anticipated to grow further in the following years. Without prejudice to the healthy and sustained development of the Company, the Board recommended the distribution of the Special Dividend.

The Special Dividend will be payable on or around 27 January 2022 to the Shareholders whose names appear on the register of members of the Company on 10 January 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to receive the Special Dividend, the register of members of the Company will be closed from 7 January 2022 to 10 January 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible for receiving the Special Dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 6 January 2022.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there is no significant subsequent event undertaken by the Group after 30 September 2021 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 2021, 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 will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, are set out as follows:

(A) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Ng San Tiong (“Mr. Ng”) ^{(1), (2)}	Trustee	758,507,878 ordinary Shares	65.0%

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

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Approximate percentage of shareholding in the Company
Mr. Ng ^{(1), (2)}	Chwee Cheng & Sons Pte. Ltd. (“Chwee Cheng & Sons”)	Trustee Beneficial owner	39.5% 11.33%

Notes:

- (1) Tat Hong China Equipment (China) Pte. Ltd. (“Tat Hong China”) owns approximately 61.5% of the issued capital of the Company and TH Straits 2015 Pte. Ltd. (“TH Straits 2015”) owns approximately 3.5% of the issued capital of the Company. In turn, TH Straits 2015 is wholly owned by Tat Hong China and Tat Hong China is owned as to approximately 88.4% by Tat Hong International Pte. Ltd. (“Tat Hong International”) and 11.6% 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, as joint trustees of the Chwee Cheng Trust (any 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), owns approximately 39.5% 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 70.8% 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.
- (2) Immediately following completion of the Global Offering but taking no account of exercise of the over-allotment option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, Tat Hong China is the beneficial owner holding approximately 65.0% shareholding interest in the Company and thus 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 which are to be beneficially owned by Tat Hong China for the purpose of the SFO.

Other Information

Save as disclosed above, as at 30 September 2021, 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 in 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

As at 30 September 2021, so far as the Directors are aware, the persons (other than the Directors and chief executive of the Company) had interests or short position 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 entered in the register maintained by the Company pursuant to section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the Company's issued share capital will be as follows:

Long position in the Shares and underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Tat Hong China ^{(1), (2)}	Beneficial interest	717,940,240 Shares	61.5%
	Interest in controlled corporations	40,567,638 Shares	3.5%
Tat Hong International ^{(1), (2)}	Interest in controlled corporations	758,507,878 Shares	65.0%
Tat Hong Holding ^{(1), (2)}	Interest in controlled corporations	758,507,878 Shares	65.0%
THSC Investments ^{(1), (2)}	Interest in controlled corporations	758,507,878 Shares	65.0%
TH60 Investments ^{(1), (2)}	Interest in controlled corporations	758,507,878 Shares	65.0%
Chwee Cheng & Sons ^{(1), (2)}	Interest in controlled corporations	758,507,878 Shares	65.0%
Mr. Ng, Ng Sun Ho, Ng Sun Giam Roger and Ng San Wee ^{(1), (2)}	Trustee	758,507,878 Shares	65.0%
Zoomlion International Trading (H.K.) Co., Limited ⁽³⁾	Beneficial interest	87,476,000 Shares	7.50%
Zoomlion H.K. Holding Co., Limited ⁽³⁾	Interest in controlled corporations	87,476,000 Shares	7.50%
Zoomlion Heavy Industry Science and Technology Co., Limited ⁽³⁾	Interest in controlled corporations	87,476,000 Shares	7.50%
PHILLIP CAPITAL (HK) LIMITED ⁽⁴⁾	Beneficial interest	64,738,000 Shares	5.55%
LIM Hua Min ⁽⁴⁾	Interest in controlled corporations	64,738,000 Shares	5.55%

Notes:

- (1) Tat Hong China owns approximately 61.5% of the issued capital of the Company and TH Straits 2015 owns approximately 3.5% of the issued capital of the Company. In turn, TH Straits 2015 is wholly owned by Tat Hong China and Tat Hong China is owned as to approximately 88.4% by Tat Hong International and 11.6% 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, as joint trustees of the Chwee Cheng Trust (any 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), owns approximately 39.5% of the shares of Chwee Cheng & Sons, which in turn owns 100% of the shares of TH60 Investments, which in turn owns approximately 70.8% 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.

Other Information

- (2) Immediately following completion of the Global Offering but taking no account of exercise of the over-allotment option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, Tat Hong China is the beneficial owner holding approximately 65.0% shareholding interest in the Company and thus 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 which are to be beneficially owned by Tat Hong China for the purpose of the SFO.
- (3) 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 the same number of Shares in which Zoomlion International Trading (H.K.) Co., Limited is interested.
- (4) PHILLIP CAPITAL (HK) LIMITED is owned as to 85.0% by LIM Hua Min. By virtue of the SFO, LIM Hua Min is deemed to be interested in the same number of Shares in which PHILLIP CAPITAL (HK) LIMITED is interested.

Save as disclosed above, as at 30 September 2021, 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 or 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 15 December 2020, 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 2021, no share option was granted, exercised, lapsed or cancelled, and there is 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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules on the Stock Exchange as its own code of corporate governance. The Board is of the view that the Company has complied with the all applicable code provisions under the CG Code during the six months ended 30 September 2021.

COMPLIANCE WITH THE 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. Having made specific enquiries of all Directors by the Company, all Directors confirmed that they had complied with the Model Code during the six months ended 30 September 2021 and no incident of non-compliance by the Directors has been noted by the Company during the six months ended 30 September 2021.

Other Information

REVIEW OF THE INTERIM RESULTS

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 and has no disagreement to the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 September 2021, 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 INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the publication of the annual report of the Company for the year ended 31 March 2021 are set out below:

Name of Directors

Details of changes

Executive Director

Lin Han-wei

- Appointed as a non-executive director of Horngshiu Holding Co., Ltd., a company listed on the Main Board of the Taiwan Stock Exchange (stock code: 2243) with effect from 9 July 2021.

Non-executive Director

Ng San Tiong

- Appointed as a non-executive director, a member of each of the audit committee and remuneration committee of CSC Holdings Limited, a company listed on the Main Board of Singapore Exchange Limited (stock code: C06) with effect from 2 August 2021.
- Resigned as an alternate director of Intraco Limited, a company listed on the Main Board of Singapore Exchange Limited (stock code: I06) with effect from 10 September 2021.

Independent Non-executive Director

Wan Kum Tho

- Retired as an independent non-executive director of D’nonce Technology Sdn Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad (stock code: DNONCE) with effect from 29 September 2021.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company’s last published annual report.