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TAT HONG

Tat Hong Equipment Service Co., Ltd.

達豐設備服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2153)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

FINANCIAL HIGHLIGHTS

The Group recorded revenue of approximately RMB301.1 million for the six months ended 30 September 2025, representing a decrease of approximately RMB39.8 million or approximately 11.7% as compared with that for the six months ended 30 September 2024.

The loss of the Group for the six months ended 30 September 2025 amounted to approximately RMB55.1 million, which represents an increase of approximately RMB18.9 million or approximately 52.1% as compared with the loss of the Group for the same period in 2024. Such increase in loss was mainly due to a decline in revenue, attributable to the slower economic growth and a sluggish construction sector.

Basic loss per share for the six months ended 30 September 2025 amounted to RMB0.05, representing an increase of RMB0.02 when compared with the basic loss per share of RMB0.03 for the corresponding period in 2024.

The Board had resolved not to declare an interim dividend for the six months ended 30 September 2025.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tat Hong Equipment Service Co., Ltd. (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) is pleased to announce the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 September 2025, together with comparative figures for the six months ended 30 September 2024 as set out below.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

		Unaudited Six months ended 30 September 2025	2024
	Note	RMB'000	RMB'000
Revenue	4	301,146	340,904
Cost of sales		(276,667)	(292,895)
Gross profit		24,479	48,009
Selling and distribution expenses		(7,336)	(8,166)
General and administrative expenses		(37,574)	(37,468)
Research and development expenses		(10,272)	(10,240)
(Provision)/reversal of provision for financial assets and contract assets		(338)	270
Other income		817	798
Other (losses)/gains, net		(2,530)	1,153
Operating loss		(32,754)	(5,644)
Finance costs	5	(32,419)	(32,957)
Finance income	5	427	348
Loss before income tax		(64,746)	(38,253)
Income tax credit	6	9,668	2,050
Loss for the period		(55,078)	(36,203)
Loss for the period attributable to:			
Owners of the Company		(55,629)	(36,203)
Non-controlling interest		551	—
		(55,078)	(36,203)
Other comprehensive loss, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		(8)	(626)
Other comprehensive loss for the period, net of tax		(8)	(626)
Total comprehensive loss for the period, net of tax		(55,086)	(36,829)
Total comprehensive income for the period attributable to:			
Owners of the Company		(55,637)	(36,829)
Non-controlling interest		551	—
		(55,086)	(36,829)
Basic and diluted loss per share (RMB)	8	(0.05)	(0.03)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2025	2025
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		1,410,063	1,539,391
Right-of-use assets		208,773	167,809
Intangible assets		11,034	13,100
Contract assets	3	66,239	25,294
Other non-current assets		66,699	130,104
Total non-current assets		<u>1,762,808</u>	<u>1,875,698</u>
Current assets			
Inventories		42,909	35,141
Contract assets	3	130,100	216,684
Trade receivables	9	740,587	683,933
Prepayments and other receivables		166,448	136,855
Financial assets at fair value through other comprehensive income		14,019	13,031
Restricted cash		767	370
Cash and cash equivalents		133,052	145,531
Total current assets		<u>1,227,882</u>	<u>1,231,545</u>
Total assets		<u>2,990,690</u>	<u>3,107,243</u>

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

AS AT 30 SEPTEMBER 2025

		Unaudited As at 30 September 2025 RMB'000	Audited As at 31 March 2025 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	12	474,159	507,072
Lease liabilities		114,528	92,965
Deferred income tax liabilities		58,801	68,413
Provisions		13,804	32,825
Total non-current liabilities		661,292	701,275
Current liabilities			
Trade and bills payables	13	355,379	365,222
Contract liabilities		4,030	1,960
Other payables and accruals		30,682	33,272
Borrowings	12	625,261	615,553
Lease liabilities		49,181	48,711
Provisions		17,506	38,805
Total current liabilities		1,082,039	1,103,523
Total liabilities		1,743,331	1,804,798
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	593,026	593,026
Reserves	11	515,083	514,249
Retained earnings		137,001	193,472
		1,245,110	1,300,747
Non-controlling interests		2,249	1,698
Total equity		1,247,359	1,302,445
Total equity and liabilities		2,990,690	3,107,243

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

	Attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2024 (audited)	593,026	181,942	243,605	60,300	28,527	314,025	1,421,425	–	1,421,425
Loss for the period	–	–	–	–	–	(36,203)	(36,203)	–	(36,203)
Other comprehensive income:									
– Currency translation difference	–	–	–	–	(626)	–	(626)	–	(626)
Total comprehensive loss	–	–	–	–	(626)	(36,203)	(36,829)	–	(36,829)
At 30 September 2024 (unaudited)	593,026	181,942	243,605	60,300	27,901	277,822	1,384,596	–	1,384,596
At 1 April 2025 (audited)	593,026	181,942	243,605	60,300	28,402	193,472	1,300,747	1,698	1,302,445
Loss for the period	–	–	–	–	–	(55,629)	(55,629)	551	(55,078)
Other comprehensive income:									
– Currency translation difference	–	–	–	–	(8)	–	(8)	–	(8)
Total comprehensive loss	–	–	–	–	(8)	(55,629)	(55,637)	551	(55,086)
Statutory reserve	–	–	–	842	–	(842)	–	–	–
At 30 September 2025 (unaudited)	593,026	181,942	243,605	61,142	28,394	137,001	1,245,110	2,249	1,247,359

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2025 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). 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.

These condensed consolidated financial statements should be read in conjunction with those of the annual financial statements for the year ended 31 March 2025. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2025.

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

New and amended standard adopted by the Group

The Group has applied the amendments to HKAS 21 “Lack of Exchangeability” for the first time from 1 January 2025. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standard.

3. 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.

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

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2025	2025
	RMB'000	RMB'000
Contract assets		
Non-current	66,616	25,399
Loss allowance	<u>(377)</u>	<u>(105)</u>
	<u>66,239</u>	<u>25,294</u>
Current	130,696	217,773
Loss allowance	<u>(596)</u>	<u>(1,089)</u>
	<u>130,100</u>	<u>216,684</u>
Total contract assets	<u>196,339</u>	<u>241,978</u>

4. REVENUE

An analysis of revenue is as follows:

	Unaudited	
	Six months ended	
	30 September	
	2025	2024
	RMB'000	RMB'000
Timing of revenue recognition – Over the time		
One-stop tower crane solution services:		
– Operating Lease	117,772	137,962
– Hoisting Service	152,692	188,880
Dry lease	<u>30,682</u>	<u>14,062</u>
	<u>301,146</u>	<u>340,904</u>

5. FINANCE COSTS AND INCOME

	Unaudited Six months ended 30 September	
	2025	2024
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings	26,810	29,542
Interest expenses on lease liabilities	4,097	2,393
Net exchange losses on foreign currency borrowings	1,512	1,022
Total finance costs	32,419	32,957
Finance income:		
Interest income	(427)	(348)
Finance costs – net	31,992	32,609

6. INCOME TAX CREDIT

	Unaudited Six months ended 30 September	
	2025	2024
	RMB'000	RMB'000
Current tax		
Provision for the period	7	148
Over-provision in prior years	(149)	–
Withholding tax	86	–
Deferred income tax	(9,612)	(2,198)
Income tax credit	(9,668)	(2,050)

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

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

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

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

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

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.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 September 2025 is 15.1% (for the six months ended 30 September 2024: 5.3%).

7. DIVIDENDS

The Board had resolved not to declare any dividend for the six months ended 30 September 2025 (2024: Nil).

8. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of shares in issue or deemed to be in issue during the financial period. Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The fully diluted earnings per share for the financial period is the same as the basic loss per share as there is no dilutive potential share during the financial period.

	Unaudited	
	Six months ended	
	30 September	
	2025	2024
	RMB'000	RMB'000
Loss attributable to the owners of the Company	<u>(55,629)</u>	<u>(36,203)</u>
Weighted average number of ordinary shares in issue ('000)	1,166,871	1,166,871
Basic and diluted loss per share (RMB)	<u>(0.05)</u>	<u>(0.03)</u>

9. TRADE RECEIVABLES

	As at	As at
	30 September	31 March
	2025	2025
	RMB'000	RMB'000
Accounts receivable	764,139	706,927
Less: provision for impairment	<u>(23,552)</u>	<u>(22,994)</u>
	<u>740,587</u>	<u>683,933</u>

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

	Unaudited As at 30 September 2025 RMB'000	Audited As at 31 March 2025 RMB'000
0 to 180 days	416,497	371,217
181 days to 365 days	86,877	80,437
1 to 2 years	129,947	132,898
More than 2 years	130,818	122,375
	<u>764,139</u>	<u>706,927</u>

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

As at 30 September 2025, the Group pledged accounts receivables with carrying amount of approximately RMB191,386,000 (31 March 2025: RMB236,907,000) for the bank borrowings of the Group.

The Group's trade receivables were denominated in RMB.

10. SHARE CAPITAL

Share capital as at 30 September 2025 and 31 March 2025, 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 2025 (unaudited) and 31 March 2025 (audited) (ordinary shares of USD0.08 each)	<u>1,875,000</u>	<u>1,166,871</u>	<u>93,350</u>	<u>593,026</u>

11. RESERVES

Reserves of the Group during the six months ended 30 September 2025 and the year ended 31 March 2025 comprised of share premium, capital reserve, statutory reserve and other reserve.

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

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

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

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

12. BORROWINGS

	Unaudited As at 30 September 2025 RMB'000	Audited As at 31 March 2025 RMB'000
Non-current		
Bank borrowings – Secured	385,223	413,609
Bank borrowings – Unsecured	41,025	32,686
Other borrowings	<u>47,911</u>	<u>60,777</u>
	<u>474,159</u>	<u>507,072</u>
Current		
Bank borrowings – Secured	454,006	442,459
Bank borrowings – Unsecured	2,500	9,956
Commercial papers	127,001	119,447
Unsecured bank loans – supplier finance arrangements	15,332	13,002
Other borrowings	<u>26,422</u>	<u>30,689</u>
	<u>625,261</u>	<u>615,553</u>
Total borrowings	<u><u>1,099,420</u></u>	<u><u>1,122,625</u></u>

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

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	625,261	615,553
Between 1 and 2 years	185,067	359,236
Between 2 and 5 years	289,092	147,836
	<u>1,099,420</u>	<u>1,122,625</u>

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

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	940,394	967,036
HKD	32,025	36,142
SGD	127,001	119,447
	<u>1,099,420</u>	<u>1,122,625</u>

The weighted average effective interest rates per annum for the six months ended 30 September 2025 and the year ended 31 March 2025 were as follows:

	Unaudited	Audited
	Six months	Year ended
	ended	31 March
	30 September	2025
	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>
SGD	5.1%	5.4%
RMB	4.4%	4.5%
HKD	5.1%	6.2%

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.

13. TRADE AND BILLS PAYABLES

	Unaudited As at 30 September 2025 <i>RMB'000</i>	Audited As at 31 March 2025 <i>RMB'000</i>
Accounts payable	315,574	317,669
Bills payable	<u>39,805</u>	<u>47,553</u>
	<u><u>355,379</u></u>	<u><u>365,222</u></u>

As at 30 September 2025 and 31 March 2025, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date is as follows:

	Unaudited As at 30 September 2025 <i>RMB'000</i>	Audited As at 31 March 2025 <i>RMB'000</i>
Within 3 months	123,329	122,356
Between 3 months and 1 year	107,737	122,497
Between 1 year and 2 years	56,320	45,922
Between 2 years and 3 years	23,732	21,548
Between 3 years and 5 years	1,977	3,046
Over 5 years	<u>2,479</u>	<u>2,300</u>
	<u><u>315,574</u></u>	<u><u>317,669</u></u>

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

As at 30 September 2025 and 31 March 2025, the aging of bills payable was within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group mainly engages in the provision of one-stop tower crane solution services covering consultation, technical design, commissioning, construction to after-sales services to Chinese Special-tier and Tier-1 EPC contractors in the industries of infrastructure, clean energy, traditional energy, public and factory building, commercial and residential building etc. During the six months ended 30 September 2025, the domestic economy faced continual growth pressures, which led to extended weak demand in the construction machinery industry. Concurrently, a decline in the average monthly service price of tower cranes per tonne metre (TM) intensified the imbalance between supply and demand in the market, resulting in unprecedented fierce competition in the industry.

In response to the challenges of weak domestic demand and intensified industry competition, the Group has been proactively optimizing its business portfolio and diversifying its market presence. Strategically, on the one hand, the Company was progressively reducing the proportion of business in the domestic real estate sector while increasing exposure in clean energy fields such as thermal power, nuclear power and wind power. Leveraging its expertise in medium-to-large tower cranes, the Group focused on expanding into nuclear island and large-scale energy projects with extended construction cycles and high technical barriers. On the other hand, the Group accelerated its global market expansion and actively built a dual-driven business model at home and abroad through a series of initiatives including the establishment of a joint venture in Indonesia and the strategic expansion into the Greater Bay Area and Hong Kong with setting up subsidiaries.

During the six months ended 30 September 2025, we managed a total of 1,135 tower cranes, so as to cater for our customers' specialised range of EPC projects throughout the PRC. During the six-month period, while we had several awarded projects delayed in their commencement (one as long as 8 months), we had continued our investment in the digitalization of our management platform and the research and development of new tower crane technical solutions. We believe our robust technical capabilities will continue to enable us to improve our operational efficiency and secure more projects, and the enhancement in our research and development capabilities for tower crane technical solutions will reinforce our excellent delivery in services.

Operating Results

The Group recorded a net loss of approximately RMB55.1 million for the six months ended 30 September 2025, representing an increase of approximately 52.1% as compared with the net loss of approximately RMB36.2 million for the six months ended 30 September 2024. Such increase in net loss was mainly due a decline in revenue, attributable to the slower economic growth and a sluggish construction sector.

FUTURE DEVELOPMENT

In response to the current challenges of a slow recovery in the construction industry, the Group has proactively adjusted its business strategy, focusing on clean energy projects (including nuclear power, thermal power and wind power) and overseas market expansion as its key development direction in the future. Supported by the ongoing national policies aimed at fostering economic stability, the Group is well-positioned to substantially increase its business presence in relevant sectors through its forward-looking layout, the effectiveness of which are expected to be gradually reflected in its subsequent performance.

With our core corporate values “Virtue (厚德), Safety (安全) and Excellence (卓越)”, we will continue to concentrate on the research and development of new tower crane technologies to equip ourselves with the most robust technical capabilities to deliver excellent services to our clients. During the six months, we had continued to refine our digitalized management platforms “TOP” and “iSmartCon”. In the next six months, we will continue our efforts to optimize our business operations and digital management platforms, so as to improve resources sharing, cost reduction and efficiency enhancement. With all the above measures, we believe we can achieve the Group’s 100-year corporate vision to become “the best construction equipment service provider”.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased to RMB301.1 million for the six months ended 30 September 2025, representing an approximately 11.7% decrease from that for the six months ended 30 September 2024. Our total TM in use decreased from 1,637,740 for the six months ended 30 September 2024 to 1,414,422 for the six months ended 30 September 2025.

Cost of Sales

Our cost of sales decreased by approximately 5.5% from approximately RMB292.9 million for the six months ended 30 September 2024 to approximately RMB276.7 million for the six months ended 30 September 2025. Such decrease was mainly attributable to decrease in labour subcontracting cost.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 49.0% from approximately RMB48.0 million for the six months ended 30 September 2024 to approximately RMB24.5 million for the six months ended 30 September 2025. Our overall gross profit margin decreased from approximately 14.1% for the six months ended 30 September 2024 to approximately 8.1% for the corresponding period in 2025. Such decrease was mainly due to the combined effects of the above-mentioned factors.

Other income

The other income for the six months ended 30 September 2025 was approximately RMB0.8 million. Our other income mainly comprised of value-added tax refunds. Other income has remained relatively stable, with no significant fluctuations in its absolute value.

Research and development expenses

Our research and development expenses increased from approximately RMB10.2 million for the six months ended 30 September 2024 to approximately RMB10.3 million for the six months ended 30 September 2025. This was mainly due to the increase in patent development projects.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 10.2% from approximately RMB8.2 million for the six months ended 30 September 2024 to approximately RMB7.3 million for the six months ended 30 September 2025. Such decrease was mainly due to decrease in marketing and consulting fee.

General and administrative expenses

Our general and administrative expenses for the six months ended 30 September 2025 amounted to approximately RMB37.6 million, representing an increase of approximately RMB0.1 million or 0.3% as compared to that of approximately RMB37.5 million for the six months ended 30 September 2024. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. G&A expenses has remained relatively stable, with no significant fluctuations in its absolute value.

Finance costs

Our finance costs for the six months ended 30 September 2025 amounted to approximately RMB32.4 million, representing a decrease of approximately RMB0.5 million or approximately 1.6% as compared to that of approximately RMB33.0 million for the six months ended 30 September 2024. The decrease was mainly due to decrease in interest rates during the period.

Income tax credit

Our income tax credit for the six months ended 30 September 2025 amounted to approximately RMB9.7 million, as compared to income tax credit of approximately RMB2.1 million for the six months ended 30 September 2024. Such increase was due to the increase in losses for the six months ended 30 September 2025.

Loss for the Period

As a result of the foregoing reasons, the Group recorded a loss of RMB55.1 million during the six months ended 30 September 2025 as compared to a loss of RMB36.2 million in the corresponding period, representing an increase of approximately RMB18.9 million or approximately 52.1% as compared with that for the same period in 2024.

Working capital structure

The Group's net current assets amounted to approximately RMB145.8 million as at 30 September 2025, representing an increase of approximately RMB17.8 million from that as at 31 March 2025, which was mainly due to decrease in trade payables and provisions.

Liquidity and financial management

A substantial amount of capital is required to fund our purchase of tower cranes, working capital requirements and general business expansion. Our operations 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 2025, the cash and cash equivalents were approximately RMB133.1 million, representing a decrease of approximately RMB12.5 million when compared with that as at 31 March 2025.

The Group's current ratio (which represents the total sum of current assets, divided by the total sum of current liabilities) was 1.13 times as at 30 September 2025, as compared to that of 1.12 times as at 31 March 2025.

The gearing ratio of the Group (which represents the total liabilities divided by the total assets) was 58.3% as at 30 September 2025, as compared to that of 58.1% as at 31 March 2025. The increase in gearing ratio was mainly attributable to the increase in lease liabilities.

Pledge of assets

As at 30 September 2025, the Group pledged machineries with carrying amount of approximately RMB844.8 million (31 March 2025: RMB928.8 million) for the bank borrowing and other borrowings of the Group.

As at 30 September 2025, the Group pledged accounts receivable with carrying amount of approximately RMB191.4 million (31 March 2025: RMB236.9 million) for the bank borrowing of the Group.

As at 30 September 2025, the land-use rights with carrying value of approximately RMB11.3 million (31 March 2025: RMB11.5 million) were secured for the bank borrowings of the Group.

As at 30 September 2025, the buildings with carrying value of approximately RMB4.5 million (31 March 2025: 4.7 million) were secured for the bank borrowings of the Group.

Lease Liabilities

The lease liabilities increased by approximately 15.6% from approximately RMB141.7 million as at 31 March 2025 to approximately RMB163.7 million as at 30 September 2025. This was mainly due to an increase in leases of tower cranes.

As at 30 September 2025, the lease liabilities of RMB30.4 million (31 March 2025: RMB32.8 million) were secured by the pledge of machinery with carrying value of RMB39.4 million (31 March 2025: RMB41.2 million).

CAPITAL COMMITMENT

As at 30 September 2025, the contracted but not delivered property, plant and equipment was approximately RMB67.1 million, representing an increase of approximately RMB58.6 million from that as at 31 March 2025.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK MANAGEMENT

The net exchange loss for the six months ended 30 September 2025 amounted to approximately RMB0.2 million, as compared to the net exchange gain of approximately RMB0.2 million for the six months ended 30 September 2024. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Board is of the view that the Group's foreign exchange rate risks are not the main risks in the subsequent period. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the six months ended 30 September 2025.

DIVIDEND

The Board had resolved not to declare any dividend for the six months ended 30 September 2025 (2024: Nil).

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

During the six months ended 30 September 2025, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 30 September 2025, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

During the six months ended 30 September 2025, the Group did not have any significant investment or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2025, the Group employed a total of 783 employees who include the directors of the Company and its subsidiaries (30 September 2024: 691 employees). The total employee benefits expenses for the six months ended 30 September 2025 was RMB55.9 million, an increase of 37.1% when compared with that for the six months ended 30 September 2024. This increase was mainly attributable to the growth in staff headcount, which resulted from the transfer of subcontract works to the Group's own employees.

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

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

EVENTS AFTER THE REPORTING PERIOD

On 9 October 2025, the Company has launched the seventh issue of commercial papers in the form of digital securities denominated in Singapore Dollars under the SDAX Multicurrency CP Facility Programme at an interest rate of 4.5% per annum and matures approximately three (3) months from the date of issuance. For further details, please refer to the announcement of the Company dated 9 October 2025.

Save as disclosed in this announcement, there were no other significant events that might affect the Group since 30 September 2025 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The Board has reviewed the corporate governance practices of the Company and is of the view that the Company has applied and complied with all the principles and code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the six months ended 30 September 2025.

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

During the six months ended 30 September 2025 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares).

As at 30 September 2025, the Company did not hold any treasury shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on the terms no less exacting terms than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2025.

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 the 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 the 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 2025 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.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

The interim results announcement of the Company has been published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.tathongchina.com). The interim report of the Company for the six months ended 30 September 2025 containing all the relevant information required by the Listing Rules will be published on the website of the Stock Exchange and that of the Company in accordance with the Listing Rules.

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

Hong Kong/the PRC, 27 November 2025

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