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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2026

FINANCIAL HIGHLIGHTS

Revenue of the Group for the year ended 31 March 2026 amounted to RMB581.7 million, representing a decrease of RMB52.9 million or 8.3 % from the year ended 31 March 2025.

Loss for the year ended 31 March 2026 amounted to RMB119.8 million, representing a decrease of loss of RMB0.7 million or 0.6% from the year ended 31 March 2025. This decrease in losses resulted from the decrease in general and administrative expenses and the adjustment on deferred tax, which was offset by the decrease in gross profit.

Basic loss per share for the year ended 31 March 2026 amounted to RMB10.0 cents, remaining unchanged compared with the basic loss per share of RMB10.0 cents for the year ended 31 March 2025.

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2026.

ANNUAL 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**”), hereby announces the consolidated results of the Group for the year ended 31 March 2026, together with comparative figures for the year ended 31 March 2025 as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

	<i>Note</i>	Year ended 31 March	
		2026	2025
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	581,722	634,561
Cost of sales	6	(525,738)	(563,460)
Gross profit		55,984	71,101
Selling and distribution expenses	6	(14,745)	(15,390)
General and administrative expenses	6	(78,412)	(85,344)
Research and development expenses	6	(21,424)	(15,356)
Provision for financial assets and contract assets		(21,925)	(3,101)
Other income	4	2,480	3,875
Other losses, net	5	(950)	(969)
Operating loss		(78,992)	(45,184)
Finance costs	7	(63,973)	(62,310)
Finance income	7	615	934
Loss before income tax		(142,350)	(106,560)
Income tax credit/(expense)	8	22,506	(13,917)
Loss for the year		(119,844)	(120,477)
Loss for the year attributable to:			
Owners of the Company		(120,627)	(120,553)
Non-controlling interest		783	76
		(119,844)	(120,477)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

		Year ended 31 March	
		2026	2025
	<i>Note</i>	RMB'000	RMB'000
Other comprehensive loss, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		<u>(557)</u>	<u>(125)</u>
Other comprehensive loss for the year, net of tax		<u>(557)</u>	<u>(125)</u>
Total comprehensive loss for the year, net of tax		<u>(120,401)</u>	<u>(120,602)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(121,049)	(120,678)
Non-controlling interest		<u>648</u>	<u>76</u>
		<u>(120,401)</u>	<u>(120,602)</u>
Basic and diluted loss per share (RMB)	<i>11</i>	<u>(0.10)</u>	<u>(0.10)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2026

	As at 31 March	
	2026	2025
Note	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,415,707	1,539,391
Right-of-use assets	217,397	167,809
Intangible assets	9,550	13,100
Contract assets	52,439	25,294
Other non-current assets	65,919	130,104
	<u>1,761,012</u>	<u>1,875,698</u>
Total non-current assets		
Current assets		
Inventories	51,342	35,141
Contract assets	156,564	216,684
Trade receivables	636,256	683,933
Prepayments and other receivables	124,482	136,855
Financial assets at fair value through other comprehensive income	9,900	13,031
Restricted cash	–	370
Cash and cash equivalents	146,480	145,531
	<u>1,125,024</u>	<u>1,231,545</u>
Total current assets		
	<u>1,125,024</u>	<u>1,231,545</u>
Total assets	<u>2,886,036</u>	<u>3,107,243</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 MARCH 2026

		As at 31 March	
	<i>Note</i>	2026	2025
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	498,317	507,072
Lease liabilities		101,740	92,965
Deferred income tax liabilities		45,415	68,413
Provisions		13,446	32,825
		<hr/>	<hr/>
Total non-current liabilities		658,918	701,275
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	16	338,130	365,222
Contract liabilities		5,632	1,960
Other payables and accruals		33,750	33,272
Borrowings	15	566,368	615,553
Lease liabilities		52,899	48,711
Provisions		48,295	38,805
		<hr/>	<hr/>
Total current liabilities		1,045,074	1,103,523
		<hr/>	<hr/>
Total liabilities		1,703,992	1,804,798
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	593,026	593,026
Reserves	14	514,449	514,249
Retained earnings		72,223	193,472
		<hr/>	<hr/>
		1,179,698	1,300,747
Non-controlling interests		2,346	1,698
		<hr/>	<hr/>
Total equity		1,182,044	1,302,445
		<hr/>	<hr/>
Total equity and liabilities		2,886,036	3,107,243
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserves	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2024	593,026	181,942	243,605	60,300	28,527	314,025	1,421,425	–	1,421,425
Loss for the year	–	–	–	–	–	(120,553)	(120,553)	76	(120,477)
Other comprehensive income:									
– Currency translation difference	–	–	–	–	(125)	–	(125)	–	(125)
Total comprehensive income	–	–	–	–	(125)	(120,553)	(120,678)	76	(120,602)
Establishment of a subsidiary with non-controlling interests	–	–	–	–	–	–	–	1,622	1,622
At 31 March 2025	<u>593,026</u>	<u>181,942</u>	<u>243,605</u>	<u>60,300</u>	<u>28,402</u>	<u>193,472</u>	<u>1,300,747</u>	<u>1,698</u>	<u>1,302,445</u>
At 1 April 2025	593,026	181,942	243,605	60,300	28,402	193,472	1,300,747	1,698	1,302,445
Loss for the year	–	–	–	–	–	(120,627)	(120,627)	783	(119,844)
Other comprehensive income:									
– Currency translation difference	–	–	–	–	(422)	–	(422)	(135)	(557)
Total comprehensive income	–	–	–	–	(422)	(120,627)	(121,049)	648	(120,401)
Statutory reserve	–	–	–	622	–	(622)	–	–	–
At 31 March 2026	<u>593,026</u>	<u>181,942</u>	<u>243,605</u>	<u>60,922</u>	<u>27,980</u>	<u>72,223</u>	<u>1,179,698</u>	<u>2,346</u>	<u>1,182,044</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

2. 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 the majority of revenue and operating losses of the Group are derived from the PRC and predominant portion of the operating assets of the Group are located in the PRC. While the Group has limited operations in other jurisdictions, including Indonesia and Hong Kong, these are not material. Accordingly, the PRC is considered the primary economic environment in which the Group operates, with similar risks and returns.

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 March	
	2026	2025
	RMB’000	RMB’000
Customer A	N/A*	88,810
Customer B	105,120	78,008
Customer C	N/A*	69,903
	<hr/>	<hr/>
Total	105,120	236,721
	<hr/>	<hr/>

* Revenue did not contribute over 10% of total revenue of the Group for the year.

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

	As at 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets		
Non-current	52,986	25,399
Loss allowance	(547)	(105)
	<u>52,439</u>	<u>25,294</u>
Current	158,386	217,773
Loss allowance	(1,822)	(1,089)
	<u>156,564</u>	<u>216,684</u>
Total contract assets	<u>209,003</u>	<u>241,978</u>

3. REVENUE

An analysis of revenue is as follows:

	Year ended 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
– Over the time		
One-stop tower crane solution services:		
– Operating Lease	226,149	237,482
– Hoisting Service	297,623	384,028
Dry lease	57,950	13,051
	<u>581,722</u>	<u>634,561</u>

4. OTHER INCOME

	Year ended 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Value-added tax refund	24	47
Government grants	447	191
Others	<u>2,009</u>	<u>3,637</u>
	<u>2,480</u>	<u>3,875</u>

Government grants provided to the Group mainly related to financial assistance from the local government in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

5. OTHER LOSSES, NET

	Year ended 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Exchange gain	4,684	683
Losses on disposal of property, plant and equipment and right-of-use assets	<u>(5,634)</u>	<u>(1,652)</u>
	<u>(950)</u>	<u>(969)</u>

6. EXPENSES BY NATURE

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets	277,984	273,507
Labour subcontracting cost	190,202	217,702
Employee benefit expenses (<i>Note 9</i>)	80,296	78,166
Rental expenses	21,693	30,358
Material fees	7,287	13,660
Travel expenses	11,793	12,349
Repair expenses	2,565	4,443
Commission expenses	10,728	10,848
Entertainment expenses	4,402	5,412
Professional fees	6,858	5,180
Amortisation of intangible assets	4,499	4,454
Office expenses	5,767	5,918
Transportation expenses	2,286	2,822
Auditor's remuneration	1,982	1,981
Others	11,977	12,750
	<u>640,319</u>	<u>679,550</u>

7. FINANCE COSTS AND INCOME

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings	55,326	52,897
Interest expenses on lease liabilities	8,284	7,581
Net exchange losses on foreign currency borrowings	363	1,832
	<u>63,973</u>	<u>62,310</u>
Total finance costs		
Finance income:		
Interest income	(615)	(934)
	<u>(615)</u>	<u>(934)</u>
Finance costs – net	<u>63,358</u>	<u>61,376</u>

8. INCOME TAX (CREDIT)/EXPENSE

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

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Current tax		
Provision for the year	400	–
Withholding tax	92	3,309
Deferred income tax	<u>(22,998)</u>	<u>10,608</u>
Income tax (credit)/expense	<u>(22,506)</u>	<u>13,917</u>

The difference between the actual income tax expense charged to the consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rates to loss before taxation can be reconciled as follows:

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
Loss before taxation	<u>(142,350)</u>	<u>(106,560)</u>
Tax calculated at tax rates applicable to profits of the respective subsidiaries	(28,595)	(20,044)
Expenses not deductible for tax purposes	774	735
Temporary difference for which no deferred tax asset was recognised	5,910	127
Tax losses for which no deferred tax asset was recognised	6,247	13,513
Utilisation of the tax losses unrecognized previously	–	(301)
Effect of change in tax rate on deferred tax balance	–	18,536
Super deductions from research and development expenditures	(6,934)	(1,958)
Withholding tax	<u>92</u>	<u>3,309</u>
Income tax (credit)/expense	<u>(22,506)</u>	<u>13,917</u>

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, save for disclosed below.

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.

The Group benefits from a 100% pre-tax deduction ratio on R&D expenses and a 100% additional pre-tax deduction on qualifying equipment purchases, in accordance with applicable high-tech enterprise incentives.

9. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 March	
	2026	2025
	RMB’000	RMB’000
Wages, salaries and bonuses	64,888	60,890
Pension costs-defined contribution plans	7,312	4,986
Other social security and housing fund	5,675	9,320
Other employee benefits	2,421	2,970
	<u>80,296</u>	<u>78,166</u>

10. DIVIDENDS

No dividend has been paid or proposed during the year. (2025: Nil)

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the financial year. 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 loss per share for the financial year is the same as the basic loss per share as there is no dilutive potential share during the current and previous year.

	Year ended 31 March	
	2026	2025
	RMB’000	RMB’000
Loss attributable to the ordinary equity holders of the Company	<u>(120,627)</u>	<u>(120,553)</u>
Weighted average number of ordinary shares in issue (‘000)	1,166,871	1,166,871
Basic and diluted loss per share (RMB)	<u>(0.10)</u>	<u>(0.10)</u>

12. TRADE RECEIVABLES

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Accounts receivables	666,119	706,927
Less: provision for impairment	(29,863)	(22,994)
	<u>636,256</u>	<u>683,933</u>

The majority of the Group's receivables are with credit terms from 30 days to 90 days. At 31 March 2026 and 2025, the aging analysis of the trade receivables, based on invoice date were as follows:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
0 to 180 days	357,814	371,217
181 days to 365 days	73,733	80,437
1 to 2 years	100,217	132,898
More than 2 years	134,355	122,375
	<u>666,119</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 31 March 2026, the Group pledged accounts receivable with carrying amount of approximately RMB143,475,000 (2025: RMB236,907,000) for the bank borrowings of the Group.

The Group's trade receivables were denominated in RMB.

13. SHARE CAPITAL

	Number of shares Authorised '000	Number of Shares Issued '000	Share Capital USD'000	Share Capital RMB'000
As at 31 March 2025 and 2026 (ordinary shares of USD0.08 each)	<u>1,875,000</u>	<u>1,166,871</u>	<u>93,350</u>	<u>593,026</u>

14. RESERVES

Reserves of the Group during the years ended 31 March 2026 and 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.

15. BORROWINGS

	As at 31 March	
	2026	2025
	RMB’000	RMB’000
Non-current		
Bank borrowings – Secured	427,110	413,609
Bank borrowings – Unsecured	33,952	32,686
Other borrowings	37,255	60,777
	<u>498,317</u>	<u>507,072</u>
Current		
Bank borrowings – Secured	367,792	442,459
Bank borrowings – Unsecured	8,735	9,956
Commercial papers	161,295	119,447
Unsecured bank loans – supplier finance arrangements	2,330	13,002
Other borrowings	26,216	30,689
	<u>566,368</u>	<u>615,553</u>
Total borrowings	<u>1,064,685</u>	<u>1,122,625</u>

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

	As at 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	566,368	615,553
Between 1 and 2 years	175,291	359,236
Between 2 and 5 years	323,026	147,836
	<u>1,064,685</u>	<u>1,122,625</u>

- (ii) Analysis of the carrying amounts of the Group's borrowings by currency was as follows:

	As at 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	865,467	967,036
SGD	168,358	119,447
HKD	30,860	36,142
	<u>1,064,685</u>	<u>1,122,625</u>

- (iii) The weighted average effective interest rates per annum for the years ended 31 March 2026 and 2025 were as follows:

	Year ended 31 March	
	2026	2025
RMB	2.9%	4.5%
SGD	4.0%	5.4%
HKD	4.3%	6.2%

- (iv) The fair values of the borrowings of the Group 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.

16. TRADE AND BILLS PAYABLES

	As at 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable	292,361	317,669
Bills payable	45,769	47,553
	338,130	365,222

As at 31 March 2026 and 2025, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date were as follows:

	As at 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	83,793	122,356
Between 3 months and 1 year	114,964	122,497
Between 1 year and 2 years	51,334	45,922
Between 2 years and 3 years	21,058	21,548
Between 3 years and 5 years	19,061	3,046
Over 5 years	2,151	2,300
	292,361	317,669

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

As at 31 March 2026 and 2025, the aging of bills payable was within one year.

17. SUBSEQUENT EVENT

The Company launched a SGD50 million multicurrency multi-series unsecured and unsubordinated commercial paper facility programme (the “**SDAX Multicurrency CP Facility Programme**”) on 3 April 2024, pursuant to which the Company may issue and list commercial paper in the form of security tokens in multiple series on the SDAX Platform. On 9 April 2026, the Company has launched the ninth 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 4.4% per annum and matures approximately three (3) months from the date of issuance. On 23 April 2026, the Company raised SGD31.25 million (equivalent to RMB167.47 million) through the SDAX Platform. Out of which SGD6.65 million (equivalent to RMB35.63 million) was subscribed by Tat Hong International Pte. Ltd., the controlling shareholder and SGD0.4 million (equivalent to RMB2.14 million) was subscribed by Mr. Yau Kok San, the executive Director.

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 financial year, under the effect of insufficient market demand, the supply and demand mismatch had resulted in high levels of market competition in the entire construction machinery industry.

During this financial year, in response to weak market demand, the Group has formulated differentiated strategies according to prevailing circumstances, continuously optimised its business mix, and systematically reduced the revenue contribution from real estate-related operations. At the same time, the Group actively responded to the national call for the development of clean energy, closely followed market trends and growth potential, and focused on the deployment of thermal power, nuclear power and wind power projects. Given that clean energy projects generally feature long construction periods and large-scale investments, the Group has built significant competitive advantages by leveraging its extensive industry experience, mature construction techniques and strong technical capabilities. Furthermore, the Group accelerated its overseas market presence, implemented operating strategies through its subsidiaries in the Greater Bay Area and Indonesia, and continued to expand its fleet of large and medium-sized tower cranes. As of the end of the reporting period, large ton-metre tower cranes accounted for the majority of projects in Hong Kong and Indonesia. In summary, clean energy (including wind power) and overseas projects will remain the Group's key development priorities going forward.

During the financial year, we managed a total of 1,129 tower cranes, so as to cater for our customers' specialised range of EPC projects throughout the PRC. During the year, we had continued our investment in the digitalization of our management platform and the research and development of new tower crane technical solutions. As at 31 March 2026, we possess 177 registered patents for utility models and inventions relating to tower cranes. We believe our robust technical capabilities will continue to enable us to procure 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 RMB119.8 million for the year ended 31 March 2026 representing a decrease of loss of approximately 0.6% as compared with the net loss of approximately RMB120.5 million for the year ended 31 March 2025. This decrease in loss was primarily due to the decrease in general and administrative expenses and the adjustment on deferred tax, which was offset by the decrease in gross profit.

Future Development

During this financial year, despite the continued downturn in China's real estate market and construction industry, the Group has responded swiftly by adjusting its development strategy. It has actively expanded into the clean energy construction sector and extended its geographical footprint to the Greater Bay Area and Indonesia, in order to effectively navigate the current challenging and rapidly changing business environment. Looking ahead to the next financial year, the Group will continue to consolidate its competitive position in these new business segments and regional markets, seizing any new opportunities that may arise.

Guided by its core values of “Virtue (厚德), Safety (安全) and Excellence (卓越),” the Group remains focused on the research and development of new technologies for tower cranes, striving to deliver superior services to customers with strong technical capabilities. During the year, the Group successfully implemented the “TOP” and “iSmartCon” digital management platforms. In the coming year, it will further optimize business operations and digital management systems to promote resource sharing and achieve cost reduction and efficiency enhancement. Through these measures, the Group firmly believes it can steadily realize its corporate vision of becoming the best construction equipment service provider.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 8.3% from RMB634.6 million for the year ended 31 March 2025 to RMB581.7 million for the year ended 31 March 2026. Although the average monthly service price of tower cranes per tonne metres (TM) in use increased from RMB202 to RMB204, our total tonne metre (TM) in use decreased from 3,137,910 for the year ended 31 March 2025 to 2,852,146 for the year ended 31 March 2026.

Cost of Sales

Our cost of sales decreased by approximately 6.7% from RMB563.5 million for the year ended 31 March 2025 to RMB525.7 million for the year ended 31 March 2026. The decrease in cost of sales was primarily due to a decrease in labour subcontracting cost.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by approximately 21.2% from RMB71.1 million for the year ended 31 March 2025 to RMB56.0 million for the year ended 31 March 2026. Our overall gross profit margin decreased from approximately 11.2% for the year ended 31 March 2025 to approximately 9.6% for the year ended 31 March 2026.

Other income

Our other income for the year ended 31 March 2026 amounted to approximately RMB2.5 million, representing a decrease of approximately RMB1.4 million or 35.9% as compared to that of approximately RMB3.9 million for the year ended 31 March 2025. The other income mainly comprised of management fee income, government grants and value-added tax refunds. The decrease was primarily attributed to decrease in management fee income.

Research and development expenses

Our research and development expenses increased from approximately RMB15.4 million for the year ended 31 March 2025 to approximately RMB21.4 million for the year ended 31 March 2026. This was mainly due to an increase in patent development projects.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 4.6% from approximately RMB15.4 million for the year ended 31 March 2025 to approximately RMB14.7 million for the year ended 31 March 2026. Such decrease was mainly due to a decrease in marketing and consulting fees.

General and administrative expenses

Our general and administrative expenses decreased by approximately RMB6.9 million or 8.1% from approximately RMB85.3 million for the year ended 31 March 2025 to RMB78.4 million for the year ended 31 March 2026. The general and administrative expenses mainly comprised of professional expenses, salary costs and office expenses. Such decrease was primarily attributable to a decrease in travelling expenses.

Finance costs

Our finance costs increased by approximately RMB1.7 million or 2.7% from approximately RMB62.3 million for the year ended 31 March 2025 to RMB64.0 million for the year ended 31 March 2026. The increase was mainly due to an increase in interest expenses arising from lease liabilities.

Income tax credit

Our income tax credit for the year ended 31 March 2026 amounted to approximately RMB22.5 million, as compared to income tax expense of approximately RMB13.9 million for the year ended 31 March 2025. The swing from tax expense to tax credit was mainly due to the recognition of tax losses as deferred tax assets, which result in a net tax credit for the year ended 31 March 2026.

Loss for the year

As a result of the foregoing reason, the Group recorded a loss of RMB119.8 million for the year ended 31 March 2026 as compared to a loss of RMB120.5 million for the year ended 31 March 2025, representing a decrease of approximately RMB0.7 million or approximately 0.6%.

Working capital structure

The Group's net current assets amounted to RMB 80.0 million as at 31 March 2026, representing a decrease of RMB48.0 million from 31 March 2025, which was mainly due to a decrease in trade receivables.

Liquidity and financial management

We require a substantial amount of capital to fund our purchases 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 31 March 2026, the cash and cash equivalents plus restricted cash were RMB146.5 million, representing an increase of approximately RMB0.6 million when compared with those 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 1.08 times as at 31 March 2026, 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 59.0% as at 31 March 2026, as compared to that of 58.1% as at 31 March 2025. The increase in gearing ratio was mainly attributable to an increase in lease liabilities.

Pledge of assets

As at 31 March 2026, the Group pledged machineries with carrying amount of approximately RMB502.3 million (2025: RMB928.8 million) for the bank borrowings and other borrowings of the Group.

As at 31 March 2026, the Group pledged accounts receivable with carrying amount of approximately RMB143.5 million (2025: RMB236.9 million) for the bank borrowing of the Group.

As at 31 March 2026, the land-use rights with carrying value of approximately RMB11.1 million (2025: RMB11.5 million) were secured for the bank borrowings of the Group.

As at 31 March 2026, the buildings with carrying value of approximately RMB4.4 million (2025: RMB4.7 million) were secured for the bank borrowings of the Group.

Lease Liabilities

The lease liabilities increased by 9.1% from approximately RMB141.7 million as at 31 March 2025 to approximately RMB154.6 million as at 31 March 2026. This was mainly due to an increase in finance leases for tower cranes.

As at 31 March 2026, the lease liabilities of RMB21.5 million (2025: RMB32.8 million) were secured by the pledge of machinery with carrying value of RMB36.6 million (2025: RMB41.2 million).

CAPITAL COMMITMENT

As at 31 March 2026, the contracted but not provided property, plant and equipment was RMB61.7 million, representing an increase of RMB53.1 million compared with RMB8.6 million 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 gain for the year ended 31 March 2026 amounted to approximately RMB4.7 million, representing an increase of approximately RMB4.0 million as compared to that of approximately RMB0.7 million for the year ended 31 March 2025. 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 year ended 31 March 2026.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 March 2026 (2025: nil).

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

During the year ended 31 March 2026, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2026, the Group did not have any immediate plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2026, the Group did not have any significant investment or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2026, the Group employed around 682 employees who include the Directors of the Company and those of subsidiaries (2025: 677 employees). The total employee benefit expense for the year ended 31 March 2026 was RMB80.3 million, an increase of 2.7% when compared with that for the year ended 31 March 2025.

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 PRC 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 April 2026, the Company has launched the ninth 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 4.4% 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 April 2026.

Save as disclosed in this announcement, there were no other significant events that might affect the Group since 31 March 2026 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 Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 year ended 31 March 2026.

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

During the year ended 31 March 2026 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 31 March 2026, 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 year ended 31 March 2026.

2026 AGM

The 2026 Annual General Meeting (“**2026 AGM**”) of the Company will be physically held at Room 601, Building 8, PortMix, No. 2377 Shenkun Road, Minhang District, Shanghai, the PRC on Thursday, 24 September 2026. The notice of the 2026 AGM of the Company will be published and despatched to the Shareholders in the manner as required by the Listing Rules and the Articles of Association of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Monday, 21 September 2026 to Thursday, 24 September 2026 (both days inclusive), during which period no share transfers will be registered. The record date for determining the eligibility of the Shareholders to attend and vote at the 2026 AGM will be Thursday, 24 September 2026. In order to be eligible to attend and vote at the 2026 AGM, all transfer forms accompanied by relevant share certificates must be lodged for registration with Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 18 September 2026.

AUDIT COMMITTEE

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 the consolidated annual results of the Group for the year ended 31 March 2026, and the accounting principles and practices adopted by the Group, the internal controls and risk management system and financial reporting matters, and has given their opinion and recommendations to the Board on 12 June 2026. The Audit Committee considers that the annual financial information of the Company has complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2026 as set out in this announcement have been agreed by the Group's external auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2026. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on this announcement.

PUBLICATION OF AUDITED ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

This annual results announcement of the Company has been published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.tathongchina.com). The annual report of the Company for the year ended 31 March 2026 containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

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

Hong Kong/the PRC, 12 June 2026

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.