



Yongmao Holdings Limited

(Incorporated in the Republic of Singapore on 3 August 2005)

(Company Registration No: 200510649K)

18 Sungei Kadut Avenue

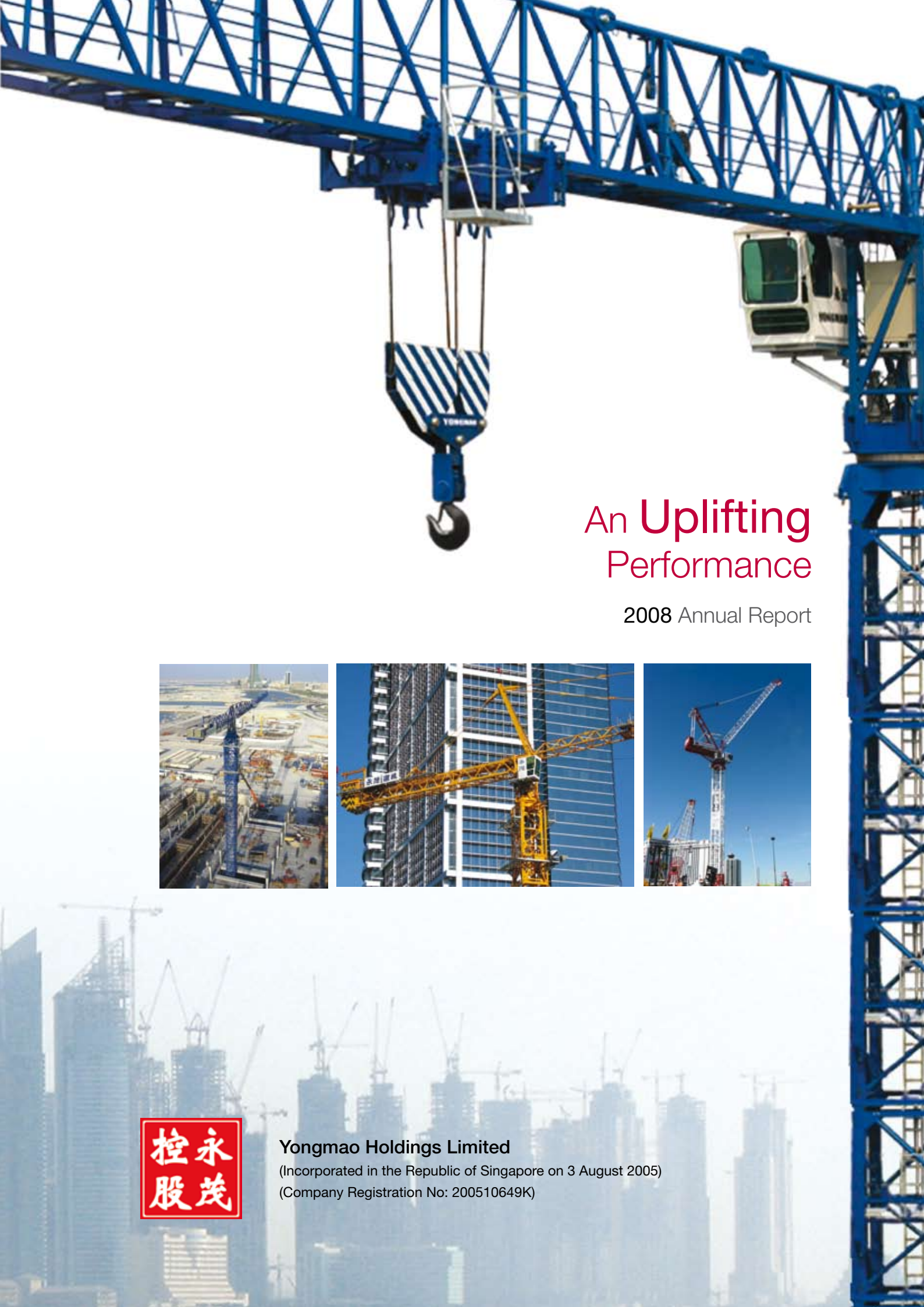
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An Uplifting Performance

2008 Annual Report



Yongmao Holdings Limited

(Incorporated in the Republic of Singapore on 3 August 2005)

(Company Registration No: 200510649K)



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About Yongmao

Towercranes Designed And Built In China Used Around The World



Since 1992, our Group has been involved in designing and manufacturing a wide range of towercranes, components and accessories. Sold mainly to construction equipment distributors and equipment rental companies in overseas markets and to construction companies and equipment rental companies in the PRC, our towercranes are also exported to many countries around the world. Our towercranes have been used in many prominent projects in the PRC and overseas.

We have the capability to design and manufacture a wide range of towercranes which are used mainly in construction sites to lift building materials and equipment. We currently offer a variety of towercranes with lifting capacities in the range of 80 to 500 tonne metres and which are broadly classified under the Topless STT series, the ST series, the Luffing STL series and the Derrick Q series.

Our research and development capabilities have enhanced our ability to compete effectively in our industry. Since we commenced manufacturing of towercranes, our research and development team has successfully developed

approximately 50 models and sub-models of towercranes. This has not only broadened our product range but also helped us to remain competitive.

We have strong brand recognition and an established track record. In the PRC, our towercranes are used in many important and prominent projects such as the construction of the China National Opera House in Beijing, the Qinshan Nuclear Power Station, the new terminal for Beijing International Airport, the Shanghai South Railway Station, the Changjiang River Bridge, the Fujian LNG Project and many key buildings in the Beijing Olympics Village and Sports Hub. In the overseas markets, our towercranes are used in significant projects such as the Imperial Wharf and 22 Marsh Wall (The Landmark) projects in London, UK, the City of Dreams casino project in Macau and AZ – St. Jan General Hospital in Brugge, Belgium.

We have a high level of expertise and experience required for design and development of towercranes, track record and customer base, various safety standards prescribed for cranes by different countries and various certifications required to be obtained before cranes can be exported to these countries.

Manufacturing facility and process

Our production facilities are located in Fushun City, Liaoning Province, PRC, which occupies a land area of 160,000 sq m. With a stringent quality assurance system in place, we are generally able to deliver a towercrane within 60 to 180 days.

Products

Our products are used mainly in construction sites, infrastructure projects and in the shipbuilding industry. Our towercranes are broadly classified into 4 series as follows:



ST

The ST towercranes are suitable for use in construction sites of all sizes. Introduced in 2000, the ST towercranes feature a conventional structural design where the tower head and tie bar reduces stress on the jib.



Topless STT

First introduced in 1999, the Topless STT's design features a streamlined jib design and no tower head, which minimizes space to allow jib overflight of adjoining towercranes in a worksite. This makes the Topless STT towercranes particularly suitable for worksites with space constraints. The Topless STT towercranes are also designed to erect and dismantle quickly to save time which results in costs savings.

Our Products & Manufacturing Facilities



Luffing STL

First sold in 2004, the Luffing STL towercranes offer a small slewing working radius due to a variable jib angle. This feature makes the Luffing STL towercranes particularly suitable for use in worksites that are surrounded by existing tall buildings or where jibs are not allowed to sail over existing buildings.



Derrick Q

A towercrane under the Derrick Q series was successfully developed in 1998. The Derrick Q towercranes are designed for dismantling internal climbing towercranes in a safe and reliable manner. They are installed on the completed rooftops of buildings and can be assembled and dismantled by hand.

Dear Shareholders,

I am pleased to report that Yongmao Holdings Limited has turned in an exceptional performance for the year ended 31 March 2008 (FY08), our maiden full year results since the Group's listing in February this year.

RIDING ON GLOBAL INFRASTRUCTURE

Riding on strong global demand for construction equipment, the Group's net profit more than doubled to RMB122.5 million, and revenue soared 135% from RMB278.3 million to RMB652.8 million.

The revenue and earnings surge was driven by the global energy and infrastructure boom, which our high-tonnage lifting equipment supports. At the same time, we are seeing the fruit of our efforts in building a strong brand amongst our customers. Our relentless focus on delivering world-class products with top-notch quality and comprehensive after-sales support has been instrumental to our success and growth despite our relatively short operating history.

GLOBAL VISION, GLOBAL REACH

Right from day one of our Company's establishment, we have set our sights on becoming a global player in lifting solutions. Today, we are one step closer to realizing our vision.

Our listing on the Singapore Exchange was a significant milestone in the Group's corporate history. It not only serves to recognize Yongmao's business value and potential, it also acts as a visible marker of our commitment to continuous growth – in terms of the quality of our products, our processes, our people, and our global presence. We are also extremely proud that to date, Yongmao is the best performing IPO in 2008.

We believe we are the first PRC player to attain the "CE" quality certification for our tower cranes, which certifies that our cranes meet the safety standards of the European market and thus enabled us to penetrate Europe. We have a strong and established overseas networks and have built a firm reputation based on our product quality and service reliability. These put us in good stead to further expand in the emerging markets of Middle East, Eastern Europe and right here at our doorstep – PRC and the rest of Asia.

Mr Sun Zhao Lin
Executive Chairman



Chairman's Message

Riding on strong global demand for construction equipment, the Group's net profit more than doubled to RMB122.5 million, and revenue soared 135% from RMB278.3 million to RMB652.8 million.

During the year, we continued to break new ground in expanding our market reach. Yongmao recorded maiden sales to new markets such as Ukraine, Malaysia and Australia. To date, our cranes have been used in prominent commercial and infrastructure development projects around the world, such as the Imperial Wharf in London, the City of Dreams casino in Macau and the AZ-St. Jan General Hospital in Belgium. In Beijing, our cranes have also been used in large infrastructure projects such as the Beijing Olympic Stadium and the China National Opera House.

Our vision to build a global brand has propelled us to achieve these same values. Placing our products in the international arena motivates us to continuously raise our quality and service standards, essentially taking our business to new heights.

For the long term, we will leverage technology to improve our operational efficiencies, and build a leaner business machine. As we take our business onto higher ground, we will also exercise prudence in managing the cost pressure from the uptrend in steel prices.

As at 31 March 2008, our order book stood at about RMB525 million, with the Middle East/Asia/PRC market constituting about 53.2%. These orders are expected to be fulfilled in FY2009.

Given the Group's robust performance, the Board has recommended a final one-tier dividend of 1.0 Singapore cent per ordinary share for the financial year 2008.

GOING FORWARD

The Group looks set to grow alongside the global infrastructure uptrend. According to a Citigroup report, global infrastructure spending is estimated to average US\$2 trillion annually through to 2015 (Build & Rebuild: Opportunities in Global Infrastructure).

Emerging economies such as the Middle East, Asia, Russia and Ukraine and the construction boom in these markets will continue to be a driving force for our business. Our strategy has always been to spread our eggs in many baskets. This increases our ability to manage any risk of downturn in specific markets, and keeps us nimble in our

responsiveness to changing market trends. Already, we have plans to gain entry into new potential markets such as Singapore, which is a strategic market for us and is also where robust construction activity is expected to continue.

On the PRC front, we expect our business and involvement in important infrastructure projects to grow, such as building the nation's nuclear power plants. Thus far, our cranes have serviced the China National Opera House, and key buildings in the Beijing Olympics Village, including the Olympic swimming stadium.

In line with our vision to become a global lifting equipment specialist, we are in the midst of constructing a second facility that will have a capacity of 400 tower cranes a year, or twice our current capacity, when fully equipped. It will also enable us to produce crawler cranes, which serves to widen our product offering, while enabling us to capitalize on the surging demand for this type of cranes.

To further enhance our capabilities, we are also planning to acquire a 66% equity stake in Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd ("Beijian"), a manufacturer of tower cranes and tower crane accessories in Beijing. This transaction is pending the completion of due diligence and receipt of regulatory and shareholder approvals.

For 2008, we will continue to invest in increasing our capacity and carving strategic alliances to meet the increasing needs of the industry, especially in the high-class tonnage segment. With our growth strategy in place and a great management team and staff, we look forward to turning in another profitable year in 2009.

A WORD OF THANKS

We have reached where we are today through the unwavering support of our customers, the invaluable partnership of our business associates, the commitment of our employees and the belief that our shareholders have in us.

On behalf of the Board of Directors, thank you for journeying with us, and we look forward to many more great years to come as we continue lifting our business to new and greater heights.

Carrying the Load in Prominent Projects Around the World

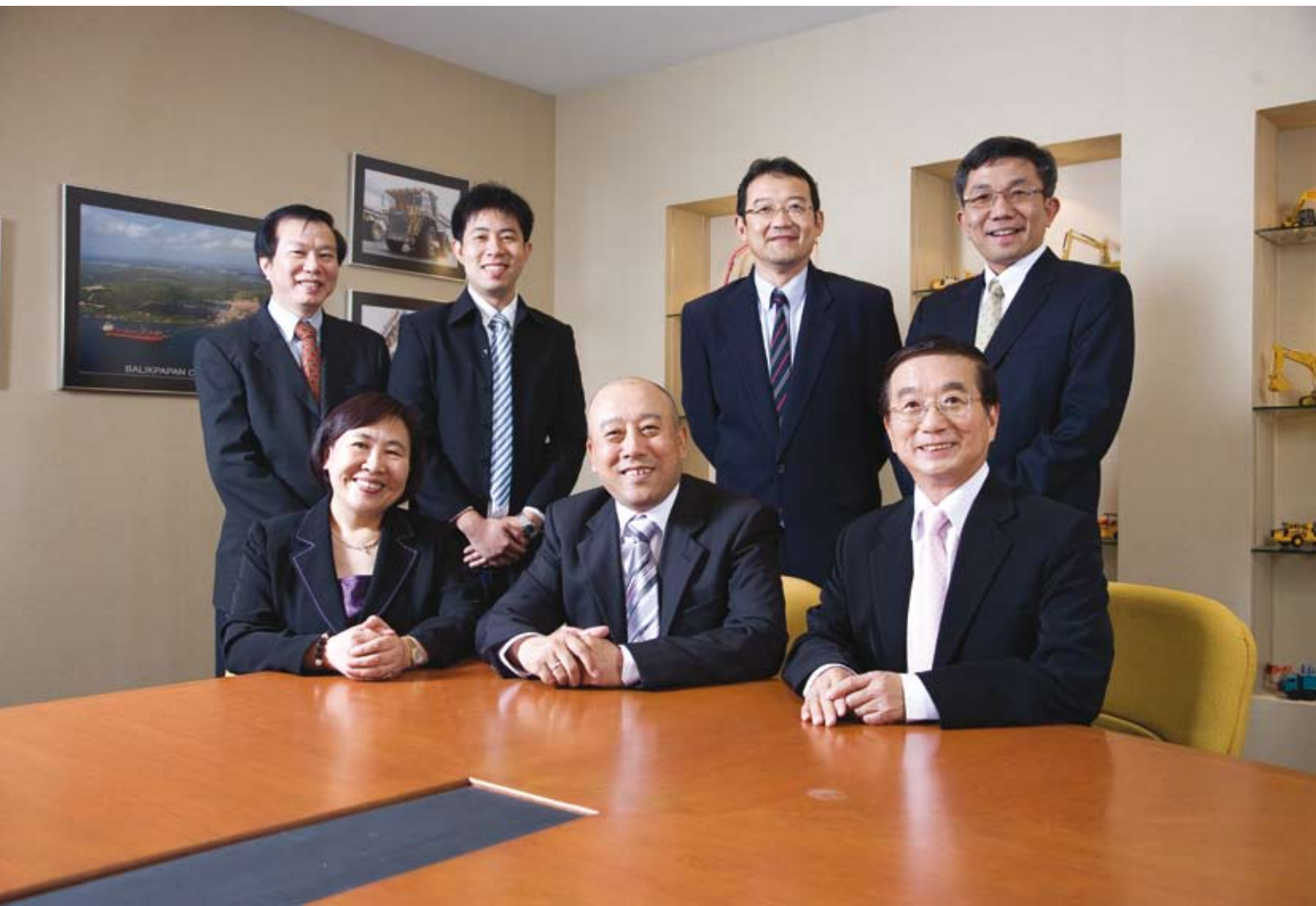


Our Presence



MIDDLE EAST AND ASIA





MR SUN ZHAO LIN

Executive Chairman

Mr Sun Zhao Lin is our Executive Chairman. He is the founder of our Group and was appointed to our Board on 5 August 2005. Mr Sun is responsible for the formulation and execution of overall business strategy and policies and future direction as well as the overall management of our Group. He has more than 10 years' experience in the crane manufacturing industry. He started his career as a sales representative at Fushun No.4 Chemical Plant (抚顺市化工四厂). Mr Sun graduated from Liaoning Correspondence Party School (辽宁刊授党校) in 1998 having majored in Economics. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Economist) (专业技术职称证书 (高级工程师)) from the Liaoning Provincial Personnel Department (辽宁省人事厅). In 2005, he received the Liaoning Province Outstanding Business Entrepreneur award (辽宁省优秀民营企业家) from the Liaoning Province Small-Medium Enterprise Association (辽宁省中小企业联合会). In 2006, Mr Sun received the "Model Labour Award for Year 2005" (2005年度劳动模范) and the "Liaoning Province Model Labour Award" from Shuncheng District People's Government (顺城区人民政府) and Liaoning Province People's Government (辽宁省人民政府) respectively. He is a committee member of the Liaoning Province Political Association (辽宁省政协委员).

Board of Directors



MS TIAN RUO NAN
Chief Executive Officer

Ms Tian Ruo Nan is our Chief Executive Officer. She is a co-founder of our Group and was appointed to our Board on 28 December 2007. Ms Tian is responsible for and oversees the day-to-day management of our Group. She has more than 10 years' experience in the crane manufacturing industry. Ms Tian started her career as a laboratory technician at Fushun No.4 Chemical Plant (抚顺市化工四厂) in December 1977. Ms Tian graduated from Dongbei Normal University (东北师范大学) in 1999 having majored in Economics. She received the "Model Labour" (劳动模范) award for 2004 and 2005 from Shuncheng District People's Government (顺城区人民政府) and the "Fushun Foreign Investment Enterprise Outstanding Business Entrepreneur" award for 2006 from Fushun City People's Government (抚顺市人民政府). Ms Tian is currently a representative of the 13th People's Congress of Fushun City (抚顺市人大常委会委员).



MR NG SAN TIONG

Deputy Chairman and Non-Executive Director

Mr Ng San Tiong is our Deputy Chairman and Non-Executive Director and was appointed to our Board on 28 June 2007. Mr Ng is vastly experienced in corporate management, business development, potential acquisitions in the region as well as policy and strategy formulation. He has more than 25 years of experience in the heavy equipment and plant hiring business. Mr Ng is also the President/Group CEO of Tat Hong Holdings, one of the world's largest crawler crane rental company. He also sits on several listed companies in Singapore and Australia.

Mr Ng holds a Bachelor of Science (Honours) Degree from the University of Technology Loughborough (United Kingdom).



MR LIM KOK YONG

Non-Executive Director

Mr Lim Kok Yong is our Non-Executive Director and was appointed to our Board on 3 August 2005. Mr Lim is currently the Managing Director of Dyno Engineering Pte. Ltd., a subsidiary of Tat Hong Holdings Ltd. From 1993 to 2006, he was the Chief Executive Officer of Twinwood Engineering Limited, listed on the SGX-ST and which is now known as Hup Soon Global Corporation Limited. From 1983 to 1993 he worked with L&M Systems Pte Ltd, a specialist construction company. Mr Lim graduated with a Diploma in Civil Engineering from Singapore Polytechnic in 1979.



MR SUN TIAN

Non-Executive Director

Mr Sun Tian is our Non-Executive Director and was appointed to our Board on 31 December 2005. He graduated with a Diploma in Mechantronic Engineering from Ngee Ann Polytechnic in 2006. He was awarded the Motorola Silver Medal for being the second most outstanding graduate in the Diploma in Mechantronic Engineering course by Ngee Ann Polytechnic. He is currently in the final year of his undergraduate studies, pursuing a Bachelor's degree in Mechanical Engineering at the National University of Singapore.

Board of Directors



MR CHUA KEE LOCK

Lead Independent Director

Mr Chua Kee Lock is our Lead Independent Director and was appointed to our Board on 28 December 2007. He is currently an Executive Director of Biosensors International Group, Ltd., a developer and manufacturer of medical devices used in interventional cardiology and critical care procedures. Previously, he was the Managing Director of Walden International, a U.S.-headquartered venture capital firm from 2003 to 2006. He was the Deputy President of NatSteel Ltd. from 2001 to 2003. From 2000 to 2001, he was the President and Chief Executive Officer of Intraco Ltd., a Singapore-listed trading and distribution company. Prior to joining Intraco Ltd., he was the President of MediaRing.com Ltd., a Singapore-listed company providing voice-over-Internet services from 1998 to 2000. Mr Chua holds a Bachelor of Science in Mechanical Engineering from the University of Wisconsin, U.S. and a Masters of Science in Engineering from Stanford University, U.S..



MR HO CHEW THIM

Independent Director

Mr Ho Chew Thim is one of our Independent Directors and was appointed to our Board on 28 December 2007. He is currently the Chief Financial Officer of China Water Holdings Pte. Ltd., an associate company of CNA Group Ltd and is responsible for its overall financial management. Prior to this, he was the Chief Financial Officer of CNA Group Ltd. Mr Ho has accumulated more than 30 years of experience in the financial field. Prior to joining CNA Group Ltd in 2006, he was a director and the Chief Financial Officer of Achieva Limited from 2004 to 2006, overseeing its finance and administration division. He was the Financial Controller of Poh Tiong Choon Logistics Limited from 1999 to 2004, China World Trade Centre Ltd in 1999, China-Singapore Suzhou Industrial Park Development Co. Ltd from 1998 to 1999 and Deutsche Bank (Singapore Branch) from 1995 to 1997, in charge of their financial functions. Between 1993 and 1995, he was the Chief Financial Officer of L & M Group Investments Ltd, where he was responsible for the financial operations of its offices in the Asia Pacific region. From 1987, he was with United Industrial Corporation Limited, and held the position of general manager when he left in 1993. Mr Ho is a fellow of Certified Public Accountant in Singapore and Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976. Mr Ho is currently a Non-executive Director of RH Energy Ltd and Mencast Holdings Ltd.



DR STEVE LAI MUN FOOK

Independent Director

Dr Steve Lai Mun Fook is one of our Independent Directors and was appointed to our Board on 28 December 2007. He is currently the Chief Executive Officer of PSB Technologies Pte Ltd and is also the Chief Executive Officer of PSB Academy Pte Ltd. Dr Lai was previously the Deputy Chief Executive Officer of TUV SUD PSB Corporation and PSB Corporation Pte Ltd from April 2006 to March 2007 and from April 2001 to March 2006, respectively. From April 1996 to March 1998, Dr Lai was the General Manager (Standards & Technology) of Singapore Productivity & Standards Board. Dr Lai holds a Bachelor of Science, DIS degree and a Doctorate in Philosophy from the Loughborough University of Technology, United Kingdom.

MR YAP SOON YONG is our Financial Controller and is responsible for the financial and accounting functions of our Group. His responsibilities include overseeing matters relating to financial administration and the compliance and reporting obligations of our Group. Mr Yap joined our Group in July 2007. Prior to joining our Group, he was the Chief Financial Officer of China Marine Foods Group Pte Ltd from September 2006 to June 2007. From April 2005 to June 2006, he was with Oceanus Bio-tech Holdings Pte Ltd. From May 1996 to April 2005, Mr Yap was with York Transport Equipment (Asia) Pte Ltd where he started as a senior accountant and last held the post of financial controller. From 1992 to 1996, Mr Yap was with Ernst & Young where he last held the position as Audit Senior. Mr Yap obtained a bachelor's degree in accountancy from the Nanyang Technological University in 1992, and is currently a member of the Institute of Certified Public Accountants of Singapore.

MS LI TAO is our Sales and Marketing Manager and is responsible for the sales and marketing operations of our Group. Ms Li joined our Group in July 1997. Prior to joining our Group, Ms Li was an English interpreter and subsequently an export manager of Fushun Excavator Works, Import & Export Co., Ltd (抚顺挖掘机制造厂进出口公司) from 1983 to mid-1997. Ms Li graduated from Shenyang Normal College (Fushun Branch) (沈阳师范学院抚顺师专班) in 1983 and Shenyang Normal University (沈阳师范大学) (then known as Liaoning Educational Institute (辽宁师范大学)) in 1996, having majored in English.

MR LIU XIAO MING is our Production and Quality Control Manager and is responsible for our Group's production process and production plans. Mr Liu joined our Group in August 2006. He was the head of the production department of Fushun Excavator Manufacturing Co., Ltd (抚顺挖掘机机械制造有限责任公司) and was the head of the sales department of Fushun Hydraulic Manufacturing Works (抚顺液压挖掘机制造厂) from December 2002 to August 2006 and from November 2002 to June 1999, respectively. Mr Liu was in charge of the production department of Beijing Juli Engineering Machinery Co., Ltd (北京巨力工程有限公司) from May 1999 to August 1998. From July 1998 to July 1996, Mr Liu was in charge of the technology department of Fushun Hydraulic Manufacturing Works (抚顺液压挖掘机制造厂) and prior to that, he was a technician of Fushun Excavator Manufacturing Works (抚顺挖掘机制造厂). Mr Liu graduated with a Bachelor of Engineering from Northeast Heavy Machinery College (东北重型机械学院) in 1994.

MR TIAN CHENG TIAN is our Purchasing Manager and is responsible for the sourcing of and purchase of raw materials for our manufacturing operations. He joined our Group since April 2001. Prior to this, Mr Tian was an engineer of Fushun Civil Designing Institute (抚顺市政设计研究院) from February 1994 to April 2004. From February 1994 to September 1979, he was a technician at Fushun Coal Mine Safety Instrument Plant (抚顺煤矿安全仪器厂). Mr Tian graduated from Liaoning Radio and Television

Key Executives

University (辽宁电视大学) in 1992 having majored in Electric Automation. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Engineer) (专业技术职称证书 (高级工程师)) from the Liaoning Provincial Personnel Department (辽宁省人事厅).

MR LI LONG is our Administrative Manager. His responsibilities include the design, development, implementation and maintenance of all human resources initiatives and to manage the administrative functions of our Group. Mr Li joined our Group in March 2005. Prior to joining our Group, he was with Fushun Hoisting Machinery General Works (抚顺起重机总厂) where he rose to the position of vice-factory manager. Mr Li graduated from Dongbei Normal University (东北师范大学) in 2000 having majored in Economics. In 1996, he was awarded the Qualification Certificate of Specialty and Technology (Secondary Economist) 专业技术资格证书 (中级工业经济) from the Ministry of Personnel of the PRC (中华人民共和国人事部).

MR LOU JI QIANG is our Project Manager. He currently oversees the construction of the second manufacturing facility manufacturing facility, at Fushun Machinery Manufacturing Park in Fushun City, Liaoning Province, PRC. He joined our Group since October 2001. Mr Lou started as an administrative supervisor in our Group and rose to his current position. From March 1997 to October 2001, he was in charge of the personnel department of Fushun Hongyu Industries Group (抚顺宏宇实业集团). Prior to that, he worked as a production worker in Fushun Excavator Manufacturing Works (抚顺挖掘机制造厂). Mr Lou graduated from Liaoning University (辽宁大学) in 1992 having majored in Chinese Language and Literature.

MR YU HAO BO is our Finance Manager and is responsible for the financial and accounting functions of Fushun Yongmao Construction Machinery Co Ltd. (抚顺永茂建筑机械有限公司) Mr Yu joined our Group in August 2005. Mr Yu started his career as an projects manager at Fushun Zhongtian Certified Public Accountants Co., Ltd (抚顺中天会计师事务所有限公司) from July 1996 to July 2005. Mr Yu graduated with a degree in Management from Bohai University (渤海大学) in 2006.

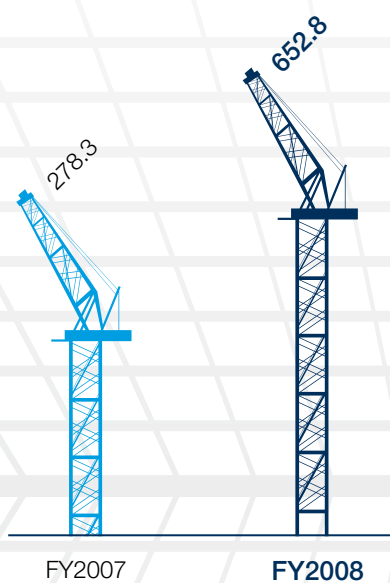




Financial Highlights

(Year ended 31 March)

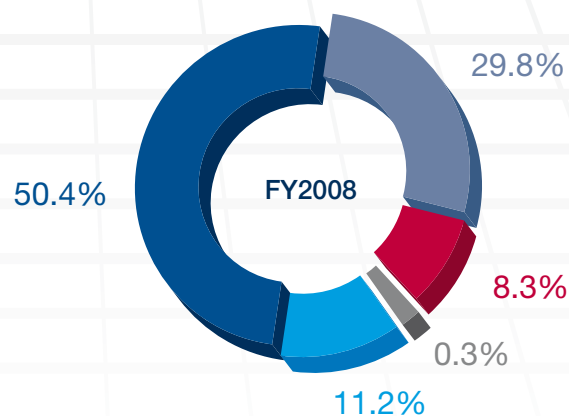
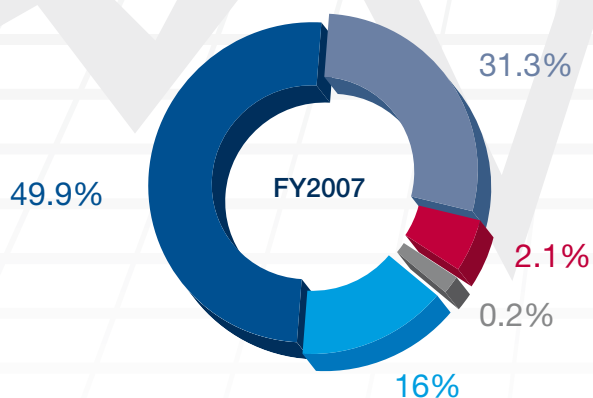
REVENUE
RMB million




PROFIT ATTRIBUTABLE TO
THE SHAREHOLDERS
RMB million



REVENUE BREAKDOWN BY PRODUCTS



■ Topless STT ■ ST ■ Luffing STL ■ Derrick Q ■ Components and Accessories



Yongmao also enjoyed strong growth across all its geographical markets. Its largest market segment, Asia and the Middle East accounted for 43% (excluding the PRC) of the Group's revenue in 2008. Revenue more than doubled to RMB281.9 million, driven by robust construction growth in the Middle East.

Growth from USA and Europe was robust, with revenue from this segment surging 150% to RMB207.8 million, contributing about 32% of the Group's total revenue. The PRC market also saw significant growth, increasing 167% to RMB163.2 million in 2008, accounting for 25% of total revenue.

The Group's financial position was strengthened, with cash and cash equivalents increasing by RMB150.0 million, mainly due to net IPO proceeds of approximately RMB183.1 million.

As at 31 March 2008, shareholders' equity amounted to RMB445.2 million. The increase in shareholders' equity was mainly due to the issue of new IPO shares of 111,550,000 at S\$0.35 per share on 21 February 2008 and profit for FY08.

STRENGTHENING CAPACITY

In line with the Group's strategy to increase our production capacity, we signed a manufacturing agreement in December 2007 with Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd ("Beijian"), for the manufacture of specific tower cranes to cater to the strong flow of customer orders.

We are in the midst of investing S\$54.3 million for the construction and outfitting of a new facility that when fully equipped, will have a capacity of 400 tower cranes a year, or twice our current capacity. This facility will also have the added capability of producing crawler cranes in addition to tower cranes.

In view of the strong orders secured, the Group plans to increase our operating hours and improve workflow processes so as to bring our operational efficiencies to a higher level. We will also keep an eye out for potential strategic partnerships or acquisitions, where opportunities arise.

Operations Review

Yongmao Holdings achieved net profit of RMB122.5 million on revenue of RMB652.8 million in FY08. Against a backdrop of rising steel prices, the Group was able to maintain a healthy gross margin of 37.1% in FY08.

CONTINUOUS PRODUCT INNOVATION

Yongmao has established a strong global brand name that is synonymous with product quality and service excellence. We believe we are the first Chinese tower crane manufacturer to attain the European "CE" marking and also one of the first to enter the USA market. The Group has received various quality certifications, including the ISO 9001:2000 Quality Management System Certificate, KOSHA Certificate and UkrSEPRO Certificate.

Yongmao's business philosophy has been based on continuous innovation. With an R&D team that is 30-strong comprising designers and engineers, the Group seeks to expand its range of product offerings to cater to the growing needs of the industry. Today, the Group is one of the top 3 players in the PRC market in the high tonnage tower crane segment. We produce a wide variety of tower cranes with lifting capabilities ranging from 80 to 500 tonne metres. These are classified into four series – Topless STT, ST, Luffing STL and Derrick Q – each with their different benefits and applications.

Our strong engineering expertise enables us to customize our cranes to suit the specific needs of our customers. We also value-add through our after-sales service, which

includes customer training, maintenance and repair. This ensures that customers are equipped with the knowledge of safety procedures and are able to operate the cranes safely and efficiently. These services complement the Group's core business and have proven to be a win-win strategy, garnering greater support for our products and services.

BUILDING A GLOBAL PRESENCE

Yongmao has established global partnerships with distributors and rental companies of construction equipment. The Group's major customers include House of Equipment in the Middle East, Lewis Equipment Company in the US, Jin Long B.V.B.A. in Belgium, and AST Equipment (HK) Co. Ltd in Hong Kong.

We work hard to build strong, lasting relationships with all our customers, ensuring that we instill confidence and trust in our products at each step of the way.

We are pleased to have recorded maiden sales to markets such as Ukraine, Malaysia and Australia during the year. As we strengthen our global footprint, our established partnerships built on trust will serve us well into the future. We will continue to forge stronger relationships to accelerate the Group's expansion into emerging markets such as the Middle East, Asia and Eastern Europe.

Topless STT used in the construction of a power transmission tower



Corporate Information

COMPANY REGISTRATION NUMBER

200510649K

REGISTERED OFFICE

18 Sungei Kadut Avenue

Singapore 729489

Tel: 6269 0022 Fax: 6269 6888

DIRECTORS

Sun Zhao Lin

Tian Ruo Nan (*appointed on 28 December 2007*)

Ng San Tiong (*appointed on 28 June 2007*)

Sun Tian (*also alternate to Sun Zhao Lin*)

Lim Kok Yong

Chua Kee Lock (*appointed on 28 December 2007*)

Ho Chew Thim (*appointed on 28 December 2007*)

Dr Steve Lai Mun Fook (*appointed on 28 December 2007*)

Ng Sang Kuey (*resigned on 28 December 2007*)

Ng San Wee (*resigned on 28 June 2007*)

AUDIT COMMITTEE

Ho Chew Thim (*Chairman*)

Chua Kee Lock

Dr Steve Lai Mun Fook

REMUNERATION COMMITTEE

Chua Kee Lock (*Chairman*)

Ho Chew Thim

Dr Steve Lai Mun Fook

ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

The initial public offering of the Company's shares was sponsored by CIMB-GK Securities Pte. Ltd.

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

3 Church Street, #08-01

Samsung Hub

Singapore 049483

Tel: 6536 5355 Fax: 65361360

NOMINATING COMMITTEE

Dr Steve Lai Mun Fook (*Chairman*)

Chua Kee Lock

Ho Chew Thim

SECRETARIES

Luk Kai Lai Carrie (*resigned on 28 December 2007*)

Lim Siew Fay Sophia (*appointed on 28 December 2007 and resigned on 30 April 2008*)

Lai Foon Kuen (*appointed on 28 December 2007*)

Wan Tiew Leng Lynn (*appointed on 30 April 2008*)

PRINCIPAL BANKERS

The Overseas-Chinese Banking Corporation

Bank of China (*Fushun Branch*)

Bank of Communications (*Fushun Branch*)

INDEPENDENT AUDITOR

Foo Kon Tan Grant Thornton

Public Accountants and

Certified Public Accountants

47 Hill Street #05-01

Singapore Chinese Chamber of Commerce & Industry Building

Singapore 179365

Partner-in-charge: Yeo Boon Chye (*appointed on 24 October 2007*)

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Corporate Governance Report

The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 February 2008. The Company is committed to maintaining high standard of corporate governance within the Group and to put in place effective corporate practices to ensure greater transparency, and to protect shareholders' interests and to enhance the shareholders' value.

This report describes the Company's corporate governance practices with specific reference made to the principles and guidelines as set out in the Code of Corporate Governance 2005 ("Code").

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board's primary role is to protect and enhance long-term shareholders' value. It strives to achieve this by providing the leadership and guidance to Management to develop and drive business directions and goals.

The principal functions of the Board, apart from its statutory responsibilities, are to:

- Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed;
- Review management performance;
- Review financial performance of the Group;
- Approve major investment and funding decisions; and
- Set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

The Board of Directors are free to request for further clarification and information from management on all matters within their purview. The Board will conduct at least four meetings a year. Ad-hoc meetings will be convened, when required. The Company's Articles of Association provide for the Board to convene meetings via teleconferencing and electronic means.

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. The Board Committees consist of the Audit Committee, Nominating Committee and Remuneration Committees. These Committees operate under clearly defined terms of reference. The Chairman of the respective Committees will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

Matters which specifically requires Board approval are those involving material acquisitions and disposal of assets, corporate or financial restructuring, shareholder matters, share issuances, dividends, and other returns to shareholders.

Corporate Governance Report

Since the Company was listed on 21 February 2008, the Board had its first meeting in May 2008 to discuss inter alia, the full year results of the Company and its subsidiaries. Each Board Committee also held its first meeting in May 2008. The attendance of the Directors and the various Committees' meetings held in May 2008 are as follows:

Attendance at meetings

	Board	Board Committees		
		Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	1	1	1	1
Name	No. of meetings attended			
Sun Zhao Lin	1	–	–	–
Tian Ruo Nan	1	–	–	–
Ng San Tiong	1	–	–	–
Sun Tian	1	–	–	–
Lim Kok Yong	1	–	–	–
Chua Kee Lock	1	1	1	1
Ho Chew Thim	1	1	1	1
Steve Lai Mun Fook	1	0	0	0

The directors, namely Mr Ng San Tiong, Mr Lim Kok Yong, Mr Chua Kee Lock and Mr Ho Chew Thim, have prior experience as directors of public listed companies in Singapore and are familiar with the roles and responsibilities of a director of a public listed company in Singapore.

The other directors, namely, Mr Sun Zhao Lin, Ms Tian Ruo Nan, Mr Sun Tian and Dr Steve Lai Mun Fook who do not have prior experience as directors of public listed companies in Singapore, have been briefed on the roles and responsibilities of a director of a Singapore listed company. Arrangements will be made for our directors who do not have the prior experience to attend course(s) such as those organized by the Singapore Institute of Directors.

Details of the directors' profile can be found on Pages 8 to 11.

Newly appointed directors will be briefed on the Group's business and Corporate Governance policies. Familiarisation visits, including overseas offices, would be organized, if necessary, to facilitate a better understanding of the Group's business operations.

Directors will also be receiving regular updates on changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

The Board of Directors comprises two Executive Directors and six Non-Executive Directors. Three of the Non-Executive directors are independent. This composition complies with the Code's requirement that at least one-third of the Board should be made up of Independent Directors

Executive Directors

Mr Sun Zhao Lin (Executive Chairman)
Ms Tian Ruo Nan (Chief Executive Officer)

Corporate Governance Report

Non-Executive Directors

Mr Ng San Tiong	(Deputy Chairman and Non-Independent Director)
Mr Sun Tian	(Non-Independent Director)
Mr Lim Kok Yong	(Non-Independent Director)
Mr Chua Kee Lock	(Lead Independent Director)
Mr Ho Chew Thim	(Independent Director)
Dr Steve Lai Mun Fook	(Independent Director)

The Board's structure, size and composition are reviewed annually by the Nominating Committee ("NC"). The NC is of the view that the Board, which was constituted recently, is of the appropriate size and with the right mix of skills and experience given the nature and scope of the Group's operations. The Executive Directors have extensive experience in the crane manufacturing industry while the Non-Executive Directors are well established and competent in their respective professions.

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities at the top of the Company

There is a balance of power and authority in the Company, such that no one individual represents a concentration of power. The Chairman and the Chief Executive Officer ("CEO") are a separate person to ensure an appropriate of distribution of power.

Mr Sun Zhao Lin, one of the founders of the Group, is the Chairman of the Company. He is responsible for the formulation and execution of overall business strategy and policies and future direction as well as the overall management of the Group.

The Chairman is also responsible for representing the Board to shareholders, ensuring that Board meetings are held when necessary and board members are provided adequate and timely information. He approves the board meeting agenda in consultation with the CEO, Financial Controller and Company Secretaries and acting as facilitator at Board meetings and maintaining regular dialogues with the CEO on operational matters.

Ms Tian Ruo Nan, spouse of Mr Sun Zhao Lin, is the CEO of the Company. She is also one of the founders of the Group and is responsible for and oversees the day-to-day management of the Group.

As stated under the Code, companies may appoint an Independent Non-Executive Director as a lead independent director where the Chairman and CEO are related by close family ties and part of the executive management team. Accordingly, Mr Chua Kee Lock was appointed as a Lead Independent Director.

Mr Chua Kee Lock, being the Lead Independent Director of the Company, is available to Shareholders where they have concerns, which contact through the normal channels of the Chairman and CEO has failed to resolve or for which such contact is inappropriate.

Board membership

Principle 4: Formal and transparent process for the appointment of new directors to the Board

The Nominating Committee ("NC") comprises entirely of independent directors and they are:

- 1) Dr Steve Lai Mun Fook (Chairman of NC / Independent Director)
- 2) Mr Chua Kee Lock (Lead Independent Director)
- 3) Mr Ho Chew Thim (Independent Director)

The main role of the Committee is to make the process of Board appointments and re-appointments of Directors more transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Director to the effectiveness of the Board.

Corporate Governance Report

The scope and responsibilities of the NC are as follows:

- (i) make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations to the composition of the Board;
- (ii) review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- (iii) identify and nominate candidates for the approval of the Board, determine annually whether or not a director is independent, to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular for the Chairman and Chief Executive Officer;
- (iv) recommend directors who are retiring by rotation to be put forward for re-election;
- (v) decide whether a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations;
- (vi) assess the effectiveness of the Board as a whole and assess the contribution of each individual director to the effectiveness of the Board; and
- (vii) deciding on how the Board's performance may be evaluated and propose objective performance criteria.

The NC has conducted an annual review of directors' independence based on the Code's criteria for independence. In addition, a director must also not be a nominee of a substantial shareholder. The NC is of the view that Dr Steve Lai Mun Fook, Mr Chua Kee Lock and Mr Ho Chew Thim are independent.

The Articles of Association of the Company require the number nearest to one-third of the Directors to retire by rotation and subject themselves to re-election by the shareholders in every Annual General Meeting. In addition, all Directors of the Company shall retire from office once every three years. It was also provided in the Articles of Association of the Company that additional directors appointed during the year shall only hold office until the next Annual General Meeting and are subject to re-election by the shareholders.

The Board has accepted NC's nomination of the retiring directors, namely, Messrs Sun Zhao Lin, Sun Tian, Tian Ruo Nan, Chua Kee Lock, Ho Chew Thim and Steve Lai Mun Fook at this forthcoming Annual General Meeting.

New Directors are appointed on board, after NC has reviewed and considered the qualifications and experience of the nominated director.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each Director

The NC has adopted a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the directors' standards of conduct. As the Board has only been constituted recently, the first evaluation will be conducted in 2009.

Access to information

Principle 6: Board members to have complete, adequate and timely information

To enable the Board to fulfill its responsibility, Management strives to provide Board members with adequate information to the Board on a timely basis. In addition, all relevant information, on material events and transactions are circulated to Directors as and when they arise. Draft announcements will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNet.

Corporate Governance Report

The Company Secretaries attend all Board and Board committees meetings and are responsible for ensuring that proper procedures at such meetings are followed. The Directors receive the meeting papers at least 3 days before the meeting so that the Directors have ample time to review. All Board members have separate and independent access to the Company Secretaries who are responsible to the Board for ensuring that the Company complies with the requirements of the Companies Act, Listing Manual of the SGX-ST and other rules and regulations that are applicable to the Company.

Should Directors, whether as a group or individually, need independent professional advice to fulfill their duties, such advice will be obtained from a professional firm of the director's choice, the cost of which will be borne by the Company

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

The Remuneration Committee ("RC") comprises entirely of Independent Directors and they are:

- 1) Mr Chua Kee Lock (Chairman of RC / Lead Independent Director)
- 2) Dr Steve Lai Mun Fook (Independent Director)
- 3) Mr Ho Chew Thim (Independent Director)

The duties of the RC are as follows:

- (i) to review and recommend to the Board the remuneration packages and terms of employment of the executive directors, and senior management or key executives;
- (ii) to review and recommend to the Board the grant of Share Options Schemes or any long term incentive schemes which may be set up from time to time;
- (iii) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and
- (iv) ensure that all aspects of remuneration are covered taking into consideration Principle 8 and Guidelines 8.1 to 8.4 of the Code, that the remuneration packages are comparable within industry and in comparable companies and shall include a performance-related element with appropriate and meaningful measures of assessing performance and the remuneration packages of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The recommendations of the RC would be submitted to the Board for endorsement. The RC will have to access to expert advice inside and/or outside the Company with regard to remuneration matters. No individual director shall be involved in deciding his own remuneration.

Level and mix of remuneration

Principle 8: The level of remuneration for Directors should be adequate, not excessive, and linked to performance

The remuneration of the Executive Directors is based on the service agreements entered between the Company and the Executive Directors, namely Messrs Sun Zhao Lin and Tian Ruo Nan for a period of three years with effect from 1 January 2008. Either the Company or the Executive Directors may terminate the Service Agreements by giving 6 months' written notice of termination to the other party.

The Non-Executive Director and Independent Directors are paid a directors' fee for their efforts and time spent, responsibilities and contribution to the Board, subject to approval by the Shareholders at the Annual General Meeting.

Corporate Governance Report

The Company does not have any employee share option schemes or other long-term incentive scheme for directors at the moment.

Disclosure of Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting the remuneration

A breakdown of each individual director's remuneration, in percentage terms showing the level and mix for the year ended 31 March 2008 is as follows:

Remuneration Band & Name of Director	Base/Fixed Salary	Directors' Fees	Variable or Performance Related Income/Bonus	Total
<i>S\$250,000 to below S\$500,000</i>				
Sun Zhao Lin	17%	–	83%	100%
Tian Ruo Nan	17%	–	83%	100%
<i>Below S\$250,000</i>				
Ng San Tiong	–	100%	–	100%
Sun Tian	–	100%	–	100%
Lim Kok Yong	–	100%	–	100%
Chua Kee Lock	–	100%	–	100%
Ho Chew Thim	–	100%	–	100%
Dr Steve Lai Mun Fook	–	100%	–	100%

The breakdown of remuneration of the key Executives (who is not a Director) in percentage terms for the financial year ended 31 March 2008 is as follows:

Remuneration Band & Name of Key Executive	Base/Fixed Salary	Variable or Performance Related Income/Bonus	Total
<i>Below S\$250,000</i>			
Yap Soon Yong	48%	52%	100%
Li Tao	66%	34%	100%
Liu Xiao Ming	69%	31%	100%
Tian Cheng Tian	74%	26%	100%
Li Long	73%	27%	100%
Lou Ji Qiang	73%	27%	100%
Yu Hao Bo	68%	32%	100%

No employee of the Company and its subsidiaries was an immediate family member of any Director or CEO or a controlling shareholder and whose remuneration has exceeded S\$150,000 during the financial year ended 31 March 2008. ("Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.)

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to Shareholders for the management of the Group. The Board will update Shareholders on the operations and financial position of the Company through quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Management is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

AUDIT COMMITTEE

Principle 11: Establishment of Audit Committee with written terms of reference

The Audit Committee ("AC") comprises entirely of Independent Directors and the AC members are as follows:

- 1) Mr Ho Chew Thim (Chairman of AC and Independent Director)
- 2) Mr Chua Kee Lock (Lead Independent Director)
- 3) Dr Steve Lai Mun Fook (Independent Director)

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities properly.

The AC will meet quarterly and as and when necessary to carry out the following functions:

- (a) review the audit plans of the Company's external auditors, including the results of the auditors' review and evaluation of the Company's system of internal controls;
- (b) review the external auditors' reports;
- (c) review the co-operation given by the Company's officers to the external auditors;
- (d) review the financial statements of the Company and Group, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before their submission to the Board for approval;
- (e) review and discuss with external auditors any suspected fraud, irregularity or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and management's response;
- (f) consider the re-appointment of external auditors;
- (g) review interested person transactions, falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- (h) review any potential conflict of interest;
- (i) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of Audit Committee; and
- (j) undertake generally such other functions and duties as may be required by Law or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

Corporate Governance Report

Apart from the above functions, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolution in respect of matters in which he is interested.

The AC has full access to and co-operation of the management and external and internal auditors. It also has the discretion to invite any Director and key executive to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

For the financial year ended 31 March 2008 ("FY2008"), the AC met once with the external auditors without the presence of the management. The AC has undertaken a review of all non-audit services provided by the external auditors for FY2008 and is satisfied that such services would not in the AC's opinion, affect the independence of the external auditors.

The AC has recommended to the Board of Directors that Messrs Foo Kon Tan Grant Thornton be nominated for reappointment as auditors at the forthcoming Annual General Meeting of the Company.

The Company intends to put in place a whistle-blowing framework, to be endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The details of the whistle-blowing policies and arrangements will be made available to all employees, once implemented.

Internal Controls

Principle 12: Sound system of internal controls

The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Company's management throughout the financial year is adequate to meet the needs of the Company in its current business environment.

Internal Audit

Principle 13: Establishment of internal audit function that is independent of the activities it audits

The Company intends to outsource the internal audit function to a professional firm.

Communication with Shareholders

Principle 14: Regular, effective and fair communication with Shareholders

Principle 15: Shareholders' participation at AGMs

The Company strives for timeliness and transparency in its disclosures to its Shareholders and the public. Communication with Shareholders and the public is maintained through regular dissemination of information such as announcements on quarterly results, press releases and results presentation on the SGXNet. Public awareness on the Company's latest development and businesses is also maintained through the Company's website <http://www.yongmaoholdings.com/> and <http://www.yongmao.com.cn/>.

While the Notice of Annual General Meeting ("AGM") will be published on the National Business Newspaper, The Business Times, the Company also endeavour to deliver the annual reports to the Shareholders at least 14 days before the holding of the AGM. A soft copy of the Annual Report can be downloaded from the SGX-ST website.

Shareholders can vote for Resolutions or appoint up to two proxies to attend the meeting on their behalf in the event that they are unable to attend the meeting. Separate resolutions on each distinct issue are proposed at general meetings for approval. They are given the opportunity to participate effectively at the AGM through the open question and answer session to address any concerns and share the views that they might have in relation to the proposed Resolutions.

Corporate Governance Report

The Chairman of the Audit, Remuneration and Nominating Committees will be available at the AGM to answer questions relating to the work of these committees. The External Auditors will also be present to assist the Directors in addressing any relevant queries from the shareholders.

DEALINGS IN SECURITIES

The Company has adopted and ensured compliance with the internal compliance code pursuant to the SGX-ST's best practices on dealings in securities. The Company and its officers are prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full financial results, and ending on the date of the announcements of the relevant results or when they are in possession of any unpublished price sensitive information on the Group.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any interested persons and has set out the procedures for review and approval. The Audit Committee has reviewed the Interested Person Transactions ("IPTs") for the financial year ended 31 March 2008 conducted pursuant to the Shareholders' Mandate in accordance with Chapter 9 of the SGX-ST Listing Manual and is satisfied that the transactions were on normal commercial terms.

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ^{#Note (1)}	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
Sales to related parties		
Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租赁有限公司)	12,946	16,297
China Nuclear Huaxing Tat Hong Machinery Construction Co. Ltd (中核华兴达丰机械工程有限公司)	18,968	41,253
Purchases from related parties		
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	6,527	–
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	100,793	58,889
Property, plant and equipment purchased from a related party		
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	2,000	–
Intangible assets purchased from a related party		
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	1,000	–

#Note (1): The Shareholders' Mandate for interested person transaction commenced from 31 January 2008 (the date of Prospectus). Therefore, transactions incurred prior to 31 January 2008 which are above S\$100,000 are not considered as incurred under Shareholders' Mandate.

Corporate Governance Report

The current Shareholders' Mandate will be expiring on 28 July 2008, being the date of the forthcoming AGM of the Company. The Company is proposing to seek shareholders' approval at the AGM to be held on 28 July 2008 to renew the Shareholders' Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPTs approved by shareholders at the AGM and the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM.

MATERIAL CONTRACTS

Save as disclosed under "Material Contracts" (pages 157 and 158 of the Prospectus dated 31 January 2008), the service agreements between the Company and the Executive Directors and the interested person transactions mentioned above, there are no material contracts of the Group or its subsidiaries involving the interest of any Director or controlling shareholder subsisting at the end of the financial year ended 31 March 2008.

RISK MANAGEMENT

The Management reviews regularly the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. In addition, the external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. Management will follow up on the auditors' recommendations so as to strengthen the Group's risk management procedures.

USE OF IPO PROCEEDS

The Company refers to the net IPO proceeds of S\$36.1 million raised from the initial public offering of its shares.

Application of net IPO Proceeds to the Group (As at 31 March 2008)

Intended Use	Amount Allocated (S\$'million)	Amount Utilised (S\$'million)	Balance Amount (S\$'million)
Construction of a new manufacturing facility	21.7	13.7	8.0
Acquisition of plant and equipment	9.9	0	9.9
Working Capital	4.5	0	4.5
Total	36.1	13.7	22.4

The Company will continue to provide periodic updates on the use of the balance of the IPO proceeds through SGXNet.

Directors' Report

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2008.

Names of directors

The directors in office at the date of this report are:

Sun Zhao Lin
Tian Ruo Nan (appointed on 28 December 2007)
Ng San Tiong (appointed on 28 June 2007)
Sun Tian (also alternate to Sun Zhao Lin)
Lim Kok Yong
Chua Kee Lock (appointed on 28 December 2007)
Ho Chew Thim (appointed on 28 December 2007)
Dr Steve Lai Mun Fook (appointed on 28 December 2007)
Ng Sang Kuey (resigned on 28 December 2007)
Ng San Wee (resigned on 28 June 2007)

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor its subsidiary was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the Company and its related corporation except as follows:

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1 April 2007/ date of appointment, if later	As at 31 March 2008	As at 1 April 2007/ date of appointment, if later	As at 31 March 2008
The Company - <u>Yongmao Holdings Limited</u> (Number of ordinary shares)				
Sun Tian *	739,145	254,714,350	—	—
Sun Zhao Lin	—	—	—	254,714,350
Tian Ruo Nan	—	—	127,357,175	127,357,175
Lim Kok Yong	—	5,254,397	—	—

* Mr Sun Tian, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to be interested in the whole of the issued share capital of the wholly owned subsidiary of the Company.

There are no changes to the above shareholdings as at 21 April 2008.

Directors' Report

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50.

Share options

No options were granted during the financial year to take up unissued shares of the Company or its subsidiary.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Ho Chew Thim (Chairman)
Chua Kee Lock
Dr Steve Lai Mun Fook

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the audit plan of the Company's independent auditor and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2008 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditor, Foo Kon Tan Grant Thornton, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Independent auditor

The auditor, Foo Kon Tan Grant Thornton, Certified Public Accountants, has expressed their willingness to accept re-appointment.

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between the executive directors and the Company, there are no material contract to which the Company or its subsidiary, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Directors' Report

Interested person transactions

There were no interested person transactions as defined in Chapter 9 of SGX-ST Listing Manual conducted during the financial year except as disclosed under "Interested Person Transactions" on "Corporate Governance" and on Note 25 to the financial statements.

On behalf of the Directors

SUN ZHAO LIN

TIAN RUO NAN

Dated: 28 May 2008

Statement by Directors

In the opinion of the directors,

- (a) the accompanying balance sheet of the Company and the consolidated financial statements of the Group, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

SUN ZHAO LIN

TIAN RUO NAN

Dated: 28 May 2008

Independent Auditor's Report

To the members of Yongmao Holdings Limited

We have audited the accompanying financial statements of Yongmao Holdings Limited ("the Company") and its subsidiary ("the Group"), which comprise the balance sheets of the Company and the Group as at 31 March 2008, and the consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Public Accountants and
Certified Public Accountants

Yeo Boon Chye
Partner-in-charge

Singapore, 28 May 2008

Balance Sheets

For the year ended 31 March 2008

		The Company		The Group	
	Note	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Assets					
Non-Current					
Property, plant and equipment	5	18	–	178,428	19,024
Intangible assets	6	–	–	5,039	5,249
Investment in subsidiary	7	249,806	28,572	–	–
Available-for-sale financial assets	8	–	–	–	23,000
		249,824	28,572	183,467	47,273
Current					
Inventories	9	–	–	105,635	56,621
Trade and other receivables	10	12	–	49,659	18,624
Amount owing by a subsidiary (non-trade)	7	6,481	–	–	–
Amounts owing by related parties	11	–	–	179,745	99,863
Amount owing by an investee company (non-trade)	8	–	–	–	417
Dividends receivable		25,000	–	–	–
Cash and cash equivalents	12	63,410	137	200,278	50,296
		94,903	137	535,317	225,821
Total assets		344,727	28,709	718,784	273,094
Equity					
Capital and Reserves					
Share capital	13	312,484	16,966	312,484	83,507
Reserves	14	25,630	(147)	132,713	58,280
		338,114	16,819	445,197	141,787
Liabilities					
Current					
Trade and other payables	15	1,537	29	124,769	49,905
Amount owing to a corporate shareholder	16	–	11,606	–	11,606
Bank borrowings	17	–	–	–	13,500
Amounts owing to related parties	11	–	255	139,769	56,296
Dividends payable		5,076	–	5,076	–
Current tax payable		–	–	3,973	–
		6,613	11,890	273,587	131,307
Total equity and liabilities		344,727	28,709	718,784	273,094

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 RMB'000	2007 RMB'000
Revenue	4	652,832	278,256
Cost of sales		(410,665)	(172,596)
Gross profit		242,167	105,660
Other operating income	18(a)	2,775	549
Distribution costs	18(b)	(72,482)	(34,677)
Administrative expenses	18(c)	(35,828)	(11,486)
Share issue costs		(7,495)	–
Other operating expenses	18(d)	(2,668)	(817)
Finance costs	18(e)	(5)	(5)
Profit before taxation	19	126,464	59,224
Taxation	20	(3,973)	–
Profit after taxation for the year attributable to shareholders		122,491	59,224
		RMB cents	RMB cents
Earnings per share	22		
- basic		32.27	17.83
- diluted		32.27	17.83

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Note	Capital contribution RMB'000	Merger reserve RMB'000	Statutory common reserve RMB'000	(Accumulated losses)/retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
Balance as at 1 April 2006		5,000	–	–	(987)	16	4,029
Net profit recognised directly in equity							
- translation differences		–	–	–	–	27	27
Net profit for the year		–	–	–	59,224	–	59,224
Total recognised income for the year		–	–	–	59,224	27	59,251
Issue of shares		78,507	–	–	–	–	78,507
Transfer to statutory common reserve		–	–	5,612	(5,612)	–	–
Balance as at 31 March 2007		83,507	–	5,612	52,625	43	141,787
Net profit recognised directly in equity							
- translation differences		–	–	–	–	1,264	1,264
Net profit for the year		–	–	–	122,491	–	122,491
Total recognised income for the year		–	–	–	122,491	1,264	123,755
Issuance of new shares arising from capitalising of indebtedness		11,606	–	–	–	–	11,606
Conversion of convertible loan to share capital		93,310	–	–	–	–	93,310
Deemed distribution to the then equity owners pursuant to the Restructuring Exercise		(66,541)	–	–	–	–	(66,541)
Merger reserve arising from the Restructuring Exercise		–	(26,769)	–	–	–	(26,769)
Issue of shares arising from application monies		198,185	–	–	–	–	198,185
Share issue costs		(7,583)	–	–	–	–	(7,583)
Transfer to statutory common reserves		–	–	13,268	(13,268)	–	–
2007 dividends declared to the then shareholders prior to the Restructuring Exercise	24	–	–	–	(17,500)	–	(17,500)
Dividends	24	–	–	–	(5,053)	–	(5,053)
Balance as at 31 March 2008		312,484	(26,769)	18,880	139,295	1,307	445,197

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	2008 RMB'000	2007 RMB'000
Cash Flows from Operating Activities		
Profit before taxation	126,464	59,224
Adjustments for:		
Amortisation of intangible assets	1,210	1,161
Depreciation of property, plant and equipment	4,761	2,338
Gain on disposal of property, plant and equipment	(81)	–
Interest expense	5	5
Interest income	(995)	(196)
Exchange translation	1,287	27
Operating profit before working capital changes	132,651	62,559
Increase in inventories	(49,014)	(56,621)
Increase in operating receivables	(157,356)	(64,843)
Increase in operating payables	166,242	93,246
Cash generated from operations	92,523	34,341
Interest paid	(10)	–
Net cash generated from operating activities	92,513	34,341
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(168,417)	(10,192)
Purchase of intangible assets	(1,000)	–
Proceeds from sale of property, plant and equipment	391	–
Proceeds from sale of available-for-sale financial assets	23,000	(23,000)
Deposits paid for purchase of flats	(5,479)	–
Interest received	988	196
Net cash used in investing activities	(150,517)	(32,996)
Cash Flows from Financing Activities		
Issue of shares	198,185	64,869
Bank borrowings (repaid)/obtained	(13,500)	13,500
Share issue costs	(7,583)	–
Dividends paid	(17,500)	–
Repayment from/(advances to) related parties	52,342	(44,759)
(Repayment to)/advances from related parties	(2,458)	1,026
(Repayment to)/advances from a director	(1,500)	1,500
Net cash generated from financing activities	207,986	36,136
Net increase in cash and cash equivalents	149,982	37,481
Cash and cash equivalents at beginning of year	50,296	12,815
Cash and cash equivalents at end of year (Note 12)	200,278	50,296

* The 2007 consolidated cash flow statement is prepared on the basis that the group structure has been in place under the Restructuring Exercise (see Note 2) for which the pooling-of-interests method for consolidation is applied.

** Share issue costs charged to the consolidated income statement amounted to RMB 7,495,000.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2008

1 General information

The financial statements of the Company and of the Group for the year ended 31 March 2008 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company was incorporated in the Republic of Singapore on 3 August 2005 under the name of Sunfield Investment Pte. Ltd. On 28 December 2007, the name of the Company was changed to Yongmao Holdings Pte. Ltd. On 23 January 2008, the Company converted from a private limited company into a public limited company and assumed the present name Yongmao Holdings Limited. The Company was admitted to the Official List of the Singapore Exchange Mainboard (SGX-ST) on 21 February 2008.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office is located at No. 18 Sungei Kadut Avenue, Singapore 729489.

The principal activity of the Company is that of an investment holding company. The principal activity of the subsidiary, Fushun Yongmao Construction Machinery Co., Ltd. (抚顺永茂建筑机械有限公司) ("Fushun Yongmao") is stated in Note 7 to the financial statements.

2 Restructuring Exercise

The Group was formed as a result of a restructuring exercise ("Restructuring Exercise") undertaken for the purpose of the Company's listing on the SGX-ST. The Restructuring Exercise involved the following:

- (i) Acquisition by the Company of the remaining 70% of the equity interests of Fushun Yongmao, resulting in the Company holding 100% of Fushun Yongmao

On 12 September 2007, the Company entered into a share transfer agreement with Fushun Yongmao Engineering Machinery Co., Ltd ("FYEM") (抚顺永茂工程机械有限公司) and Sun Zhao Lin (孙兆林) to acquire the remaining 70% equity interests in Fushun Yongmao from FYEM (as to 60%) and Sun Zhao Lin (孙兆林) (as to 10%), for a total cash consideration of RMB 93.31 million (which was arrived at after taking into account an independent valuation on 13 September 2007 on the net assets of Fushun Yongmao as at 31 March 2007 by Liaoning Zhong Hua Xin Assets Evaluation Co., Ltd (辽宁中华信资产评估有限公司), amounting to approximately RMB 133.3 million). Fushun Yongmao was converted from a sino-foreign equity joint venture enterprise to a wholly foreign-owned enterprise with effect from 31 October 2007. FYEM is a 75%-owned subsidiary of Fushun Yongmao Industry and Trade Co., Ltd. ("FYIT") (抚顺永茂工贸发展有限公司) which is, in turn, held as to 50% each by the Executive Directors, Sun Zhao Lin (孙兆林) and Tian Ruo Nan (田若南).

- (ii) Grant of convertible loan by Sun Tian to the Company

On 5 October 2007, the Company entered into a convertible loan agreement with Sun Tian (孙田) pursuant to which Sun Tian (孙田) agreed to lend the Company in Singapore dollars an amount equivalent to approximately RMB 93.31 million (such Singapore amount being S\$18.7 million), on an interest-free basis, for the purpose of acquiring the 70% equity interests in Fushun Yongmao as described above. Sun Tian (孙田) had in turn entered into an agreement to borrow S\$18.7 million from Tat Hong Holdings Ltd ("Tat Hong") for the purpose of on-lending the amount by way of a convertible loan to the Company. On 28 December 2007, the entire amount owing to Sun Tian (孙田) was converted into 232,540,000 Shares. As a result of the Loan Conversion, the entire outstanding amount of the convertible loan was discharged in full.

- (iii) Debt Capitalisation

A US\$1.5 million loan extended by Tat Hong to the Company was capitalised into 96,338,000 new Shares at an aggregate issue price of S\$2,181,000 (the "Debt Capitalisation"). Of such 96,338,000 new Shares, 70,408,628 new Shares were issued to Tat Hong. The remaining 25,929,372 new Shares were issued, at Tat Hong's direction, to Sun Tian (孙田), Lim Kok Yong and Ying Siew Khay Terence as to 21,435,205, 3,145,917 and 1,348,250 new Shares, respectively (as such individuals had agreed to acquire the aforesaid Shares from Tat Hong at the consideration of S\$1, S\$71,221 and S\$30,523, respectively).

Notes to the Financial Statements

For the year ended 31 March 2008

2 Restructuring Exercise (cont'd)

- (iv) Disposal by Fushun Yongmao of Fushun Engineering Machinery Manufacturing Co., Ltd ("FS Engineering") (抚顺工程机械制造有限公司) and acquisition of certain assets by Fushun Yongmao from FS Engineering

Fushun Yongmao had, on 25 March 2007, entered into an agreement to acquire 100% of the equity interest in FS Engineering from an unrelated third party, Liu Xin Min at a consideration of RMB 23,000,000. It was agreed between the parties that Liu Xin Min would be liable for the receivables and debts of FS Engineering prior to 30 June 2007. This acquisition was completed in April 2007. It was Fushun Yongmao's intention to acquire certain assets of FS Engineering namely, certain machinery equipment and crawler crane design and manufacturing drawings for the purpose of providing capabilities to the Group to manufacture crawler cranes in the future. However, the transaction was undertaken as a purchase of equity interest instead.

To re-align the objectives of the Group for the purpose of the listing on the SGX-ST, the following transactions were undertaken by Fushun Yongmao:

- (a) On 10 August 2007, Fushun Yongmao entered into an equity interests transfer agreement with FYEM pursuant to which Fushun Yongmao sold its 100% equity interests in FS Engineering to FYEM for a total cash consideration of RMB 23,000,000, being the consideration at which Fushun Yongmao acquired the 100% equity interest in FS Engineering, pursuant to an agreement in March 2007, from an unrelated party.
- (b) On 10 August 2007, Fushun Yongmao entered into an asset transfer agreement with FS Engineering and FYEM pursuant to which FS Engineering transferred certain machinery equipment and crawler crane design and manufacturing drawings to Fushun Yongmao for a total cash consideration of RMB 3,000,000. The consideration was arrived at taking into account an independent valuation by Liaoning Zhong Hua Xin Assets Evaluation Co., Ltd (辽宁中华信资产评估有限公司) on 1 August 2007 on the market value of the machinery equipment of approximately RMB 2,000,000 as at 31 March 2007.
- (v) Transfer by Fushun Yongmao of 5% equity interests in Fushun Yongmao Industry Group Co., Ltd ("FYIG") (抚顺永茂实业集团有限公司)

In August 2007, Fushun Yongmao transferred to Fushun Yongmao Hydraulic Machinery Co., Ltd. ("FYHM") (抚顺永茂液压机械有限公司), without payment, an equity interest of 5% in FYIG, which it held as nominee for FYHM. Subsequent to such transfer, FYIG is held as to 80% by FYEM, 15% by FYIT and 5% by FYHM. FYHM is held as to 70% by Tian Ruo Nan 's (田若南) siblings.

3(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Notes to the Financial Statements

For the year ended 31 March 2008

3(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 20 years. The carrying amount of the Company's and the Group's property, plant and equipment as at 31 March 2008 is RMB 18,000 (2007 - RMB Nil) and RMB 178,428,000 (2007 - RMB 19,024,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Critical judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described in Note 3(d), management had made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Impairment of property, plant and equipment

The Company and the Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

3(b) Change in accounting policies

On 1 April 2007, the Company and the Group adopted the new or revised FRS and INT FRS that are mandatory for application on that date. This includes the following FRS and INT FRS, which are relevant to the Company and the Group:

FRS 1 (Amendment)	Amendments relating to capital disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS and INT FRS did not result in substantial changes to the Company's and the Group's accounting policies but gave rise to additional disclosures as required under FRS 1 (Amendment) "Presentation of Financial Statements Amendments relating to capital disclosures" and FRS 107 "Financial Instruments: Disclosures Implementation Guidance". The specific transitional provisions contained in some of these new or revised FRS have been considered.

Notes to the Financial Statements

For the year ended 31 March 2008

3(c) FRS and INT FRS not yet effective

The Company and the Group have not early adopted the following FRS or INT FRS that have been issued but not yet effective.

FRS 1 (Revised)	Presentation of Financial Statements
FRS 2 (Revised)	Inventories
FRS 7 (Amendment)	Cash Flow Statements
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 11 (Amendment)	Construction Contracts
FRS 16 (Revised)	Property, Plant and Equipment
FRS 19 (Amendment)	Employee Benefits
FRS 23 (Revised)	Borrowing Costs
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 33 (Amendment)	Earnings Per Share
FRS 34 (Amendment)	Interim Financial Reporting
FRS 36 (Revised)	Impairment of Assets
FRS 38 (Revised)	Intangible Assets
FRS 101 (Amendment)	First-time Adoption of Financial Reporting Standards
FRS 104 (Revised)	Insurance Contracts - Implementation Guidance
FRS 105 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
FRS 106 (Amendment)	Exploration for and Evaluation of Mineral Resources
FRS 108	Operating Segments
INT FRS 29	Disclosure - Service Concession Arrangements
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities
INT FRS 104	Determining Whether an Arrangement Contains a Lease
INT FRS 111	FRS 102 - Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

The directors do not anticipate that the adoption of the FRS and INT FRS will result in any material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 replaces FRS 14 "Segment Reporting". In doing so it extends the scope of segment reporting. It requires the identification of operating segments based on internal reports that are regularly reviewed by the entity chief operating decision maker in order to allocate resources to the segment and assess its performance. It requires amongst others, reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity financial statements and an explanation of how segment profit or loss and segment assets are measured for each reportable segment.

3(d) Summary of significant accounting policies

Common control business combination outside the scope of FRS 103 "Business Combinations"

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Restructuring Exercise described in Note 2 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting year in which the common control combination occurs, and for any comparative years disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Common control business combination outside the scope of FRS 103 "Business Combinations" (cont'd)

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination.

The carrying amounts are included as if such consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets after deducting the residual value over their estimated useful lives as follows:

Plant structure	20 years
Plant and machinery	2 - 10 years
Motor vehicles	4 years
Electronic system and equipment	3 years
Renovation	5 - 10 years

No depreciation has been charged for construction-in-progress.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate at each balance sheet date. The useful lives and depreciation method are reviewed at each financial year-end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, if any.

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing property, plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively.

Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

With effect from 1 January 2008, Fushun Yongmao revised the estimated useful life of motor vehicles from 5 years to 4 years and electronic system and equipment from 5 - 10 years to 3 years, to better reflect the estimated periods during which the property, plant and equipment will remain in effective service. The effect of this change in estimate was a decrease in the net profit for the financial year and the net book value of property, plant and equipment by RMB 210,000 and a corresponding increase in the accumulated depreciation account by the same amount.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles, if any, are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Trademark and patents

Costs relating to trademark and patents which are acquired from Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) by way of capital contribution-in-kind, are capitalised and amortised on straight-line basis over their remaining useful life as at the effective date of transfer:

Trademark	remaining useful life of 4.8 years
Patents	remaining useful life of 7.2 years

Crawler crane design and manufacturing drawings

Costs relating to crawler crane design and manufacturing drawings which are acquired from Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司) are capitalised and amortised on straight-line basis over their useful life of 10 years.

Subsidiary

A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% or over whose financial and operating policy decisions the Group controls.

Shares in subsidiary are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Other than loan and receivables and available-for-sale financial assets, the Company and the Group do not designate any financial assets at fair value through profit or loss or held-to-maturity investment.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

All financial assets within this category are subsequently measured at fair value, if any, with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the consolidated income statement for the year.

In the case of unquoted equity shares, the Group recorded and recognised the investment at cost less accumulated impairment loss (Note 8).

In the financial year 2007, the Group recognised its investments in Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司) as available-for-sale as the Group intended to dispose of this investment to align with its Restructuring Exercise as mentioned in Note 2(iv) to the financial statements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets, if any.

Loans and receivables are subsequently measured at amortised cost using the effective interest method less provision for impairment, if any. Any change in their value is recognised in the consolidated income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the consolidated income statement.

Receivables are provided against when there is objective evidence that the Company and the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables include trade and other receivables, related party balances and deposits held in banks.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis. In the case of manufactured inventories, cost consists of cost of raw materials, direct labour and an appropriate proportion of production overheads.

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits/bank deposits with a short maturity of three months or less.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Related parties

Related parties are entities with one or more common direct/indirect shareholders and/or directors and in which one party has the ability to control or exercise significant influence over the other party in financial and operating decision making.

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables, related party balances, bank borrowings and dividends payable.

Financial liabilities are recognised when the Company and the Group become a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the consolidated income statement.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated income statement over the year of the borrowings using the effective interest method.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Income taxes

The liability method of tax effect accounting is adopted by the Company and the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial period that is chargeable to tax. Deferred taxation, if any, is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Impairment of assets

The carrying amounts of the Company's and the Group's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include intangible assets, if any, with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Impairment of assets (cont'd)

An impairment loss, if any, is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation.

Any impairment loss is charged to the consolidated income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is credited as income in the consolidated income statement.

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes relevant value-added taxes ("VAT") and is arrived at after deduction of trade discounts, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of tower cranes, and tower crane components and accessories is recognised when goods are sold to customers, which generally coincides with their delivery and acceptance.

Revenue from mechanical processing service is recognised when services are rendered.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Government grant

Government grant is recognised as income over the periods necessary to match the grant with the related costs which they are intended to compensate.

Government grant is not recognised as income until there is a reasonable assurance that the Group will comply with the conditions attaching to it.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension and other welfare schemes as provided by the laws in the People's Republic of China ("PRC"). The Company contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore. The contributions to these schemes are charged to the consolidated income statement in the year to which the contributions relate.

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

Leases

Operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the consolidated income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the consolidated income statement when incurred.

Functional currency

Items included in the financial statements of the Company and the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company and the Group ("the functional currency"). The financial statements of the Company and the Group are presented in Renminbi ("RMB") (to the nearest thousand), which is also the functional currency of the Company and the Group.

Conversion of foreign currencies

The accounting records of the companies within the Company and the Group are maintained in their respective measurement currencies.

Assets and liabilities in foreign currencies are translated into RMB at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Except for the situation described below, exchange differences arising from such transactions are taken to the consolidated income statements:

Assets and liabilities of the Company denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The income statement of the Company is translated using the average monthly rates. Foreign currency translation adjustments arising from the financial statements are recorded directly in exchange fluctuation account.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gains or losses are recognised in the consolidated income statements, if any, are reported as part of the fair value gains or losses in "other gains/losses - net". Currency translation differences on non-monetary items, if any, whereby the gains and losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets, investment properties and property, plant and equipment are included in the fair value reserve and asset revaluation reserve respectively.

Notes to the Financial Statements

For the year ended 31 March 2008

3(d) Summary of significant accounting policies (cont'd)

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 27 to the financial statements.

Segment reporting

A segment is a distinguishable component of the Group to a particular industry (business segment) and within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

For the financial year presented, the Group has one operating segment, which is the manufacturing and sale of tower cranes, and tower crane components and accessories. The Group's manufacturing activities operate predominantly in PRC. Information for geographical segment revenue is based on where the customers are located.

4 Revenue

Revenue represents sale of tower cranes, tower crane components and accessories, excluding applicable VAT, is detailed as follows:

The Group	2008 RMB'000	2007 RMB'000
Manufactured tower cranes	579,619	232,405
Tower crane components and accessories	73,213	45,851
	652,832	278,256

5 Property, plant and equipment

The Company	Electronic system and equipment RMB'000
Cost	
Balance as at 1 April 2006 and 31 March 2007	—
Additions	24
Balance as at 31 March 2008	24
Accumulated depreciation	
Balance as at 1 April 2006 and 31 March 2007	—
Depreciation for the year	6
Balance as at 31 March 2008	6
Net book value	
Balance as at 31 March 2008	18
Balance as at 31 March 2007	—

Notes to the Financial Statements

For the year ended 31 March 2008

5 Property, plant and equipment (cont'd)

The Group	Plant structure RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electronic system and equipment RMB'000	Renovation RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost							
Balance as at 1 April 2006	–	–	–	–	–	–	–
Acquisition by way of capital contribution	–	6,485	33	710	–	–	7,228
Additions	590	4,504	6,945	610	1,485	–	14,134
Balance as at 31 March 2007	590	10,989	6,978	1,320	1,485	–	21,362
Additions	–	9,062	2,076	541	877	151,919	164,475
Disposals	(2)	(404)	–	–	–	–	(406)
Balance as at 31 March 2008	588	19,647	9,054	1,861	2,362	151,919	185,431
Accumulated depreciation							
Balance as at 1 April 2006	–	–	–	–	–	–	–
Depreciation for the year	7	1,631	362	189	149	–	2,338
Balance as at 31 March 2007	7	1,631	362	189	149	–	2,338
Depreciation for the year	26	2,392	1,661	378	304	–	4,761
Disposals	–	(96)	–	–	–	–	(96)
Balance as at 31 March 2008	33	3,927	2,023	567	453	–	7,003
Net book value							
Balance as at 31 March 2008	555	15,720	7,031	1,294	1,909	151,919	178,428
Balance as at 31 March 2007	583	9,358	6,616	1,131	1,336	–	19,024
The Group						2008 RMB'000	2007 RMB'000
Depreciation expense charged to:							
Cost of sales						2,404	1,613
Distribution costs						789	180
Administrative expenses						1,568	545
						4,761	2,338

The plant structure relates to the structural costs incurred on the factory building on the leasehold land belonging to Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) for which Fushun Yongmao leases the leasehold land for a period of 10 years, commencing 1 October 2007 [see Note 23.1(a)].

Renovation costing RMB 1,485,000 relates to refurbishing works carried out for an office premise, situated at No. 19-1 BDA International Enterprise Avenue, No. 2 North Jingyuan Road, Beijing Economic and Technology Development Zone, PRC, 100176 (北京市经济技术开发区景园北街2号, BDA 国际企业大道 19号-1, PRC, 100176). The office premise belongs to a director of the Group, Sun Zhao Lin (孙兆林) for which the Group leases the office premises for a period of 5 years, commencing 1 October 2007 [see Note 23.1(b)].

Notes to the Financial Statements

For the year ended 31 March 2008

5 Property, plant and equipment (cont'd)

Construction-in-progress includes:

- a) an amount of RMB 7,407,000 paid to People's Government of Shuncheng District (抚顺市顺城区人民政府) to acquire the land use rights for a parcel of land locate at the Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC (抚顺永茂工业园区) with an area of approximately 240,000 square metres for a leasehold period of 30 years. As at 31 March 2008, the Group has not yet obtained the land use rights to the said land.
- b) the construction of a new factory, with a site area of approximately 240,000 square metres on the above land. As at 31 March 2008, the amount incurred was RMB 134,512,000 and the commitment to this capital expenditure was RMB 145,000,000. As at 31 March 2008, the commitment remained outstanding was RMB 10,488,000 for this construction-in-progress.

6 Intangible assets

The Group	Trademark RMB'000	Patents RMB'000	Crawler crane design and manufacturing drawings RMB'000	Total RMB'000
Cost				
Balance as at 1 April 2006	–	–	–	–
Acquisition by way of capital contribution	4,006	2,404	–	6,410
Balance as at 31 March 2007	4,006	2,404	–	6,410
Additions	–	–	1,000	1,000
Balance as at 31 March 2008	4,006	2,404	1,000	7,410
Accumulated amortisation				
Balance as at 1 April 2006	–	–	–	–
Amortisation for the year	829	332	–	1,161
Balance as at 31 March 2007	829	332	–	1,161
Amortisation for the year	829	331	50	1,210
Balance as at 31 March 2008	1,658	663	50	2,371
Net book value				
Balance as at 31 March 2008	2,348	1,741	950	5,039
Balance as at 31 March 2007	3,177	2,072	–	5,249

Trademark relates to the right to use the business name “永茂”, for a period of 10 years, expiring on 20 February 2011.

Patents relate to the right to manufacture self damping slewing speed controller for a period of 10 years, expiring on 2 July 2013.

Crawler crane design and manufacturing drawings purchased from a related party, FS Engineering is for the purpose of providing capabilities to the Group to manufacture crawler cranes in the future [see Note 2(iv)].

In the opinion of the directors of the Group, there is no indication that the recorded book value cannot be recovered from the business operations in the future periods.

Notes to the Financial Statements

For the year ended 31 March 2008

7 Subsidiary

The Company	2008 S\$'000	2007 S\$'000	2008 RMB'000	2007 RMB'000
Unquoted equity investment, at cost	49,160	5,600	249,806	28,572
Amount owing by a subsidiary (non-trade)	1,277	–	6,481	–

The amount owing by a subsidiary represents the sharing of the Initial Public Offerings (“IPO”) costs incurred.

This amount is unsecured, interest-free and is receivable on demand.

The subsidiary is:

Name	Country of incorporation/ principal place of business	Percentage of equity held 2008	2007	Principal activities
* Fushun Yongmao Construction Machinery Co., Ltd (抚顺永茂建筑机械有限公司)	People's Republic of China	100%	30%	Manufacture and sale of tower cranes and construction machinery

* Audited by Foo Kon Tan Grant Thornton for the purpose of FRS reporting.

In the financial year 2007, Fushun Yongmao was an associated company of the Company. Pursuant to the Restructuring Exercise as mentioned in Note 2(i) to the financial statements, Fushun Yongmao is now a 100% owned subsidiary of the Company.

8 Available-for-sale financial assets

The Group	2008 RMB'000	2007 RMB'000
Unquoted equity investment, at cost	–	23,000
Amount owing by an investee company (non-trade)	–	417

The 100% interest held in FS Engineering was regarded as an investment as the Group does not have any participating interest in the financial or operating decision of the said company. Arising from the Restructuring Exercise as mentioned in Note 2(iv) to the financial statements, the said investment has been disposed off at its book value. No gain or loss is reported upon the derecognition of the said investment.

The amount owing by an investee company represented unsecured advances, was interest-free and was repayable on demand.

Notes to the Financial Statements

For the year ended 31 March 2008

8 Available-for-sale financial assets (cont'd)

The investee company was:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2008	2007	
Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司)	People's Republic of China	–	100%	Manufacture and maintenance of evacuation equipment, crane, excavator, importing, exporting engineering machines

The summarised financial information of the investee company was as follows:

	2008 RMB'000	2007 RMB'000
Assets	–	56,094
Liabilities	–	41,911
Revenue	–	–
Net loss	–	511

9 Inventories

The Group	2008 RMB'000	2007 RMB'000
At cost:		
Raw materials	55,972	34,907
Work-in-progress	31,573	11,299
Finished goods	18,090	10,415
	105,635	56,621
Included in cost of sales are inventories charged of:	410,665	172,596

The ageing of inventory turnover approximates 72 (2007 - 60) days.

No provision for inventory obsolescence is required.

Notes to the Financial Statements

For the year ended 31 March 2008

10 Trade and other receivables

	The Company 2008 S\$'000	The Company 2008 RMB'000	2007 RMB'000	The Group 2008 RMB'000	2007 RMB'000
Trade receivables	–	–	–	11,242	9,738
VAT receivables	–	–	–	–	214
Staff loans	–	–	–	632	927
Staff advances	–	–	–	1,871	450
Advances made to supplier of raw materials	–	–	–	29,450	6,081
Down-payment for property, plant and equipment	–	–	–	643	914
Deposits for:					
- Rental	–	–	–	300	300
- Purchase of flats	–	–	–	5,479	–
Accrued interest income	1	7	–	7	–
Prepayments	1	5	–	5	–
Other receivables	–	–	–	30	–
	2	12	–	49,659	18,624

Trade and other receivables are denominated in the following currencies:

	The Company 2008 S\$'000	The Company 2008 RMB'000	2007 RMB'000	The Group 2008 RMB'000	2007 RMB'000
Renminbi	–	–	–	42,374	9,100
Singapore dollar	2	12	–	12	–
United States dollar	–	–	–	7,273	2,085
Euro dollar	–	–	–	–	7,439
	2	12	–	49,659	18,624

Trade receivables are usually due within 30 - 60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Company and the Group do not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers. The ageing of trade receivables of the Group is 6 (2007 - 6) days.

The staff loans comprise mainly housing loans, are unsecured, interest-free and are receivable on demand. The carrying value approximates the fair value of the staff loans.

The advances made to staff are for business purpose.

Advances made to suppliers of raw materials relate to the down-payment for the supplies made.

Rental deposits relate to deposits paid to Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) in respect to rental of office space and factory premises.

Deposits of RMB 5,479,000 paid to 抚顺唯格房地产开发有限公司 relates to the purchase of 47 units of flats located at 顺城区前甸詹家-唯美品格-新城住宅小区 with an area of 4,184.29 square metres. The Group intends to sell these units at cost to certain employees of the Group. No gain or loss is expected upon the sale of the said flats.

Notes to the Financial Statements

For the year ended 31 March 2008

11 Amounts owing by/(to) related parties

The Group	2008 RMB'000	2007 RMB'000
Amounts owing by related parties		
- Trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	-	9,881
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	161,850	37,049
- China Nuclear Huaxing Tat Hong Machinery Construction Co. Ltd (中核华兴达丰机械工程有限公司)	6,400	-
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租赁有限公司)	11,495	-
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	-	591
	179,745	47,521
- Non-trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	-	21,142
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	-	20,000
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	-	200
- 正兴(抚顺)实业有限公司	-	11,000
	-	52,342
	179,745	99,863

	The Company		The Group	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Amounts owing to related parties				
- Trade				
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	-	-	1,050	26,332
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	-	-	234	129
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	-	-	138,445	23,395
	-	-	139,729	49,856
- Non-trade				
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	-	-	40	5,393
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租赁有限公司)	-	-	-	766
- 永茂混凝土机械有限公司	-	-	-	26
- Dyno Engineering Pte Ltd	-	18	-	18
- Leadpoint Pte. Ltd.	-	237	-	237
	-	255	40	6,440
	-	255	139,769	56,296

Notes to the Financial Statements

For the year ended 31 March 2008

11 Amounts owing by/(to) related parties (cont'd)

The credit period for the debt outstanding by the related parties is as follows:

	2008	2007
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	–	322 days
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	285 days	212 days
- China Nuclear Huaxing Tat Hong Machinery Construction Co. Ltd (中核华兴达丰机械工程有限公司)	33 days	–
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租赁有限公司)	122 days	–
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	270 days

The credit period for the debt outstanding to the related parties is as follows:

	2008	2007
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	91 days	289 days
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	32 days	9 days
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	153 days	151 days

The advances owing by related parties were unsecured and interest-free. These amounts were fully settled during the financial year.

The repayment of debts for the 2007 advances made was as follows:

	Date
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	September 2007
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	September 2007
Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	April 2007
正兴(抚顺)实业有限公司	September 2007

In the financial year 2007, the non-trade amount owing to Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) was unsecured and interest-free. Included in RMB 5,393,000 was:

- A balance of RMB 3,942,000 which related to the purchase of property, plant and equipment during the financial year ended 31 March 2007; and
- A balance of RMB 10,000 which related to capital contributed in excess made to Fushun Yongmao during the financial year ended 31 March 2007.

These amounts were fully repaid during the financial year.

The balance of RMB 40,000 owing to Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) as at 31 March 2008 relates to the purchase of property, plant and equipment. This amount is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租赁有限公司) related to advance payment, was unsecured and interest-free. This amount was fully settled during the financial year.

Notes to the Financial Statements

For the year ended 31 March 2008

11 Amounts owing by/(to) related parties (cont'd)

The amount owing to 永茂混凝土机械有限公司 related to payment received on behalf, was unsecured and interest-free. This amount was fully repaid during the financial year.

The non-trade amounts owing to Dyno Engineering Pte Ltd and Leadpoint Pte. Ltd. represent unsecured advances, which were interest free. These amounts were fully repaid during the financial year.

12 Cash and cash equivalents

	The Company		The Group	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	*	*	109	255
Bank balances	5,494	137	142,253	50,041
Fixed deposits	57,916	—	57,916	—
	63,410	137	200,278	50,296

* represents amount less than RMB 1,000

The fixed deposits interest ranging from 0.87% to 0.94% per annum mature within one month from the balance sheet date.

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	—	—	97,792	28,574
Singapore dollar	63,326	122	63,326	122
United States dollar	84	15	32,431	19,689
Euro dollar	—	—	6,729	1,911
	63,410	137	200,278	50,296

13 Share capital

		The Company		The Group	
	Note	2008	2007	2008	2007
		RMB'000	RMB'000	RMB'000	RMB'000
Paid-in capital of					
- the Company	(i)	312,484	16,966	312,484	16,966
- Fushun Yongmao					
- in cash		—	—	—	52,903
- in kind		—	—	—	13,638
		—	—	—	66,541
		312,484	16,966	312,484	83,507

Notes to the Financial Statements

For the year ended 31 March 2008

13 Share capital (cont'd)

Note

	No. of shares	S\$'000	RMB'000
(i) Issued and fully paid:			
Balance as at 1 April 2006	2	*	*
Issue of shares	3,321,998	3,325	16,966
Balance as at 31 March 2007	3,322,000	3,325	16,966
Capitalisation of non-interest bearing loan	96,338,000	2,181	11,606
Issue shares under the loan conversion	232,540,000	18,700	93,310
Issue of shares	111,550,000	39,043	198,185
Share issue costs	–	(1,494)	(7,583)
Balance as at 31 March 2008	443,750,000	61,755	312,484

* represents amount less than RMB 1,000

The Company was incorporated on 3 August 2005 with an authorised share capital of S\$10,000,000 comprising 10,000,000 ordinary shares of S\$1 each. At the date of incorporation, 2 subscribers' shares of S\$2 each fully paid were issued at par for cash.

At an extraordinary general meeting of the Company held on 29 May 2006, the shareholders of the Company approved, inter alia, the increase in 3,321,998 ordinary shares for the total consideration of S\$3,325,000 (RMB 16,966,000) fully paid.

Share capital as at 31 March 2007 represented the aggregate paid-in capital of the Company and Fushun Yongmao.

The Company's interest in Fushun Yongmao as at 31 March 2007 is 30%. Pursuant to the Restructuring Exercise as mentioned in Note 2(ii) of the financial statements, the Company now holds 100% of the equity interest in Fushun Yongmao.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 24 December 2007, the 516,571 Shares held by Leadpoint Pte. Ltd. were distributed proportionately to its shareholders pursuant to a distribution in specie, resulting in, inter alia, Tat Hong, Lim Kok Yong and Ying Siew Khay Terence holding 73.085%, 3.265% and 1.400% of the then total number of issued Shares, respectively.

On 28 December 2007, in connection with the Debt Capitalisation as mentioned in Note 2(iii) to the financial statements, the Company allotted and issued 70,408,628 Shares to Tat Hong and at Tat Hong's direction, to, inter alia, Sun Tian (as to 21,435,205 Shares), Lim Kok Yong (as to 3,145,917 Shares) and Ying Siew Khay Terence (as to 1,348,250 Shares), resulting in Tat Hong, Sun Tian, Lim Kok Yong and Ying Siew Khay Terence holding 73.085%, 22.250%, 3.265% and 1.400% of the then total number of issued Shares, respectively.

On 28 December 2007, in connection with the Loan Conversion as mentioned in Note 2(ii) to the financial statements, the Company allotted and issued a total of 232,540,000 Shares to Sun Tian, representing 70.0% of the then enlarged issued capital of the Company.

On 28 December 2007, Tat Hong transferred a total of 2,631,579 Shares free of payment to three individuals, namely, Lim Kok Yong, Yau Kok San and Luk Ka Lai Carrie, to reward them for their contributions in relation to Tat Hong's investment in the Group and the listing of the Company on the SGX-ST.

Notes to the Financial Statements

For the year ended 31 March 2008

13 Share capital (cont'd)

After such allotment and issue and transfers described above, the shareholdings of Sun Tian, Tat Hong, Lim Kok Yong, Ying Siew Khay Terence, Yau Kok San and Luk Ka Lai Carrie amounted to 76.675%, 21.133%, 1.534%, 0.420%, 0.158% and 0.079% respectively of the total number of issued Shares as at 31 December 2007.

Sun Zhao Lin has a call option to acquire 254,714,350 Shares held by Sun Tian, representing 76.675% of the total number of issued Shares as at 31 December 2007. In the event that Sun Zhao Lin exercises the option and if requested by Tian Ruo Nan, up to 50% of the Shares which are the subject of the exercise may be transferred to her.

As between Tat Hong and each of the three individuals described above, prior to 31 January 2008, the said 2,631,579 Shares was adjusted, based on the Issued Price, to a total of 2,857,143 Shares.

During the financial year, the Company issued 111,550,000 new ordinary shares for a consideration of S\$39,043,000 for cash in connection with the admission of the Company to the Official List of the SGX-ST on 21 February 2008. The newly issued shares rank pari passu in all respects with the previously issued shares.

14 Reserves

	Note	The Company		The Group	
		2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Merger reserve		–	–	(26,769)	–
Statutory common reserve	(i)	–	–	18,880	5,612
Retained profits/(accumulated losses)	(ii)	24,319	(144)	139,295	52,625
Exchange fluctuation reserve		1,311	(3)	1,307	43
		25,630	(147)	132,713	58,280

The merger reserve arises from the difference between the purchase consideration and the carrying value of the share capital of the subsidiary acquired under the pooling-of-interests method of consolidation.

Exchange translation reserve arises from the translation of the Company's assets and liabilities.

Note

		2008 RMB'000	2007 RMB'000
The Group			
(i) Statutory common reserve			
Balance as at beginning of year		5,612	–
Transfer from income statement		13,268	5,612
Balance as at end of year		18,880	5,612

According to the current PRC Company Law, the subsidiary is required to transfer between 5% and 10% of its profit after taxation to statutory common reserve until the common reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Notes to the Financial Statements

For the year ended 31 March 2008

14 Reserves (cont'd)

Statutory common reserve can be used to make good previous year's losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

	The Company		The Group	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
(ii) Retained profits/(accumulated losses)				
Balance as at beginning of year	(144)	—	52,625	(987)
Transfer to statutory common reserve	—	—	(13,268)	(5,612)
Net profit/(loss) for the year	24,463	(144)	122,491	59,224
2007 dividends declared to the then shareholders prior the Restructuring Exercise	—	—	(17,500)	—
2007 dividends	—	—	(5,053)	—
Balance as at end of year	24,319	(144)	139,295	52,625

15 Trade and other payables

	The Company	The Company	The Company	The Group	
	2008	2008	2007	2008	2007
	S\$'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	—	29	39,422	19,656
VAT payables	—	—	—	3,396	—
Accrual for purchases	—	—	—	4,269	4,251
Accruals of freight charges	—	—	—	9,500	6,423
Other accrued expense	36	178	—	778	—
Accrual of salaries and related costs	9	47	—	15,698	1,910
Accrued interest expense	—	—	—	—	5
Advances from customers	—	—	—	47,416	15,688
Amount owing to suppliers of property, plant and equipment	—	—	—	129	—
Other payables	78	398	—	1,007	162
Warranty for after-sale services	—	—	—	2,000	—
Provision for directors' fees	180	914	—	914	—
Amounts owing to directors					
- Sun Tian (孙田)	—	—	—	—	1,500
- Sun Zhao Lin (孙兆林)	—	—	—	240	35
- Tian Ruo Nian (田若南)	—	—	—	—	275
	—	—	—	240	1,810
	303	1,537	29	124,769	49,905

Notes to the Financial Statements

For the year ended 31 March 2008

15 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Company 2008 S\$'000	The Company 2008 RMB'000	The Company 2007 RMB'000	The Group 2008 RMB	The Group 2007 RMB
Renminbi	–	–	–	89,945	35,045
Singapore dollar	303	1,537	29	1,537	29
United States dollar	–	–	–	30,992	14,831
Euro dollar	–	–	–	2,295	–
	303	1,537	29	124,769	49,905

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be reasonable approximation of their fair value. The ageing of trade payables is 37 (2007 - 32) days.

The advances from customers represent down-payment for sale orders made.

Warranty for after-sale services relate to the estimated costs of after-sale services and warranty costs for sale of cranes and components to the Group's customers. The warranty sum is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns.

The amounts owing to directors comprise:

- In the financial year 2007, the amount owing to director, Sun Tian (孙田) related to advances received from the disposal of shares in the capital of Fushun Yongmao belonging to Sun Tian (孙田) for a sum of RMB 1,500,000 (US\$186,000). This amount owing was unsecured and interest-free. The said sum was settled during the financial year.
- In the financial year 2007, the amount owing to director, Sun Zhao Lin (孙兆林) related to capital contributed in excess made to Fushun Yongmao. This amount was unsecured and interest-free. The said sum was settled during the financial year.

The sum of RMB 240,000 owing to Sun Zhao Lin (孙兆林) as at 31 March 2008 relates to rental of the office premises located at No. 19-1 BDA International Enterprise Avenue, No. 2 North Jingyuan Road, Beijing Economic and Technology Development Zone, PRC, 100176 (北京市经济技术开发区景园北街2号, BDA 国际企业大道 19号-1, PRC, 100176) [see Note 23.1(b)]. This amount is unsecured, interest-free and is repayable on demand.

- In the financial year 2007, the amount owing to director, Tian Ruo Nian (田若南) related to reimbursable expenses incurred for business purposes.

16 Amount owing to a corporate shareholder

The Company and the Group	2008 RMB'000	2007 RMB'000
Amount owing to a corporate shareholder		
- Non-trade		
- Tat Hong Holdings Ltd (2007 - US\$1,500,000)	–	11,606

In the financial year 2007, Tat Hong made a loan of US\$1,500,000 to the Company to enable the Company to contribute towards an increase in the registered capital of Fushun Yongmao. Such loan was unsecured and interest-free. This loan was discharged in December 2007 by the issuance of 96,338,000 new shares (for an aggregate issue price of S\$2,181,000) to Tat Hong.

Notes to the Financial Statements

For the year ended 31 March 2008

17 Bank borrowings

The Group	Note	2008 RMB'000	2007 RMB'000
Bank loans - unsecured			
- Bank of China, Fushun Branch (中国银行抚顺分行)			
Loan #1	(i)	–	13,000
Loan #2	(ii)	–	500
		–	13,500

- (i) The one-month unsecured bank loan facility #1 of RMB 13,000,000 granted to the Group was repaid on 3 April 2007.

Interest was charged at 6.2257% per annum.

- (ii) The one-month unsecured bank loan facility #2 of RMB 500,000 granted to the Group was repaid on 3 April 2007.

Interest was charged at 6.2937% per annum.

These bank loans were guaranteed by way of a letter of credit of US\$2,793,100 issued by Emirates Bank International PJSC Dubai.

18(a) Other operating income

The Group	2008 RMB'000	2007 RMB'000
Design service fees	–	55
Gain on disposal of property, plant and equipment	81	–
Government grant	1,270	–
Interest income		
- bank deposits	738	196
- fixed deposits	257	–
Processing fees	26	112
Repair fees	13	–
Miscellaneous income	390	186
	2,775	549
Effective interest rate (per annum)		
- bank deposits	0.79%	0.44%
- fixed deposits	1.54%	–

Government grant relates to subsidy received from Liaoning Finance Authority (辽宁省财政厅) for the purpose of technical development and export of tower cranes.

Notes to the Financial Statements

For the year ended 31 March 2008

18(b) Distribution costs

The Group	2008 RMB'000	2007 RMB'000
Depreciation expense	789	180
Employee benefit expenses	671	608
Operating lease rentals	4,526	3,600
Sales service expenses	3,850	1,430
Office expenses	528	546
Research and development	320	52
Transportation expenses	1,379	1,266
Freight charges	59,431	26,237
Others	988	758
	72,482	34,677

18(c) Administrative expenses

The Group	2008 RMB'000	2007 RMB'000
Depreciation expense	1,568	545
Employee benefit expenses	22,867	5,519
Amortisation expense	1,210	1,161
Travelling expenses	1,326	969
Office expenses	2,214	1,689
Research and development costs	1,084	–
Directors' fee	910	–
Repair and maintenance	254	73
Others	4,395	1,530
	35,828	11,486

18(d) Other operating expenses

The Group	2008 RMB'000	2007 RMB'000
Exchange loss	2,232	266
Bank charges	426	277
Others	10	274
	2,668	817

18(e) Finance costs

The Group	2008 RMB'000	2007 RMB'000
Interest expense - bank borrowings	5	5
Effective interest rate - bank borrowings	4.27%	6.23%

Notes to the Financial Statements

For the year ended 31 March 2008

18(f) Employee benefit expenses

The Group	2008 RMB'000	2007 RMB'000
Director's remuneration		
- salaries and related costs	3,494	259
- defined contributions	32	5
Key management personnel		
- salaries and related costs	1,541	289
- defined contributions	81	25
Other than directors and key management personnel		
- salaries and related costs	28,450	10,630
- defined contributions	2,374	1,176
	35,972	12,384
As disclosed in:		
Cost of sales	12,434	6,257
Distribution costs	671	608
Administrative expenses	22,867	5,519
	35,972	12,384

19 Profit before taxation

The Group	Note	2008 RMB'000	2007 RMB'000
Profit before taxation has been arrived at after charging:			
Amortisation of intangible assets	6	1,210	1,161
Depreciation of property, plant and equipment	5	4,761	2,338
Exchange loss		2,232	266
Operating lease rentals		4,526	3,600
Non-audit fee		—	—

Notes to the Financial Statements

For the year ended 31 March 2008

20 Taxation

The Group	2008 RMB'000	2007 RMB'000
Current taxation	3,973	–

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the PRC's statutory rate of income tax on the Group's results as a result of the following:

	2008 RMB'000	2007 RMB'000
Profit before taxation	126,464	59,224
Tax at statutory rate of 25% (2007 - 33%)	31,616	19,544
Tax effect on non-deductible expenses	746	30
Tax exemption	(28,389)	(19,574)
	3,973	–

According to PRC's taxation law, any enterprise with foreign investment of a production nature granted to operate for a period of not less than ten years shall be exempted from income tax in the first and second year and allowed a fifty percent reduction in the third to fifth year, commencing from the first year that is making profit.

The subsidiary, Fushun Yongmao has been granted such incentive with effect from 13 July 2006.

No provision for Singapore tax has been made as the Company did not derive any significant taxable profit in Singapore since its incorporation.

21 Retirement benefit plans

The eligible employees of Fushun Yongmao, who are citizens of the PRC, are members of a state-managed retirement benefit scheme operated by the local government. Fushun Yongmao is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of Fushun Yongmao with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated income statement for the year, representing defined contribution national pension plan, are as follows:

	2008 RMB'000	2007 RMB'000
	1,646	1,102

Notes to the Financial Statements

For the year ended 31 March 2008

22 Earnings per share

The basic and diluted earnings per share attributable to shareholders of the Company is calculated on the Group's profit after taxation of RMB 122,491,000 (2007 - RMB 59,224,000) on the weighted average number of ordinary shares in issue of 379,614,384 (2007 - 332,200,000) during the financial year.

The 332,199,998 ordinary shares issued as part of the cost of the business combination are included in the weighted average number of ordinary shares from the date of business combination.

23 Commitments

23.1 Operating lease commitments (non-cancellable)

The Group

At the balance sheet date, the Group was committed to making the following lease rental payments under non-cancellable operating leases for leasehold land, and office and factory premises:

	2008 RMB'000	2007 RMB'000
Not later than one year	5,366	3,850
Later than one year and not later than five years	25,124	19,200
Later than five years	27,000	18,200

- (a) The lease on the Group's leasehold land, and office and factory premises on which rental is payable is located at No. 3, Yuanda Road, Shuncheng District, Fushun City, Liaoning Province, PRC, 113126. The land area is 162,615 square metres. The lease commences on 1 October 2007 and expires on 30 September 2017. The monthly rental payable is as follows:

	Rental per month RMB'000
First and second year	400
Third year	500
Subsequent years	To be agreed between parties

- (b) The lease on the Group's office premises on which rental is payable is located at No. 19-1 BDA International Enterprise Avenue, No. 2 North Jingyuan Road, Beijing Economic and Technology Development Zone, PRC, 100176 (北京市经济技术开发区景园北街2号, BDA 国际企业大道 19号-1, PRC, 100176). The office area is 1,191.87 square metres. The lease commences on 1 October 2007 and expires on 30 September 2012. The monthly rental payable is as follows:

	Rental per month RMB'000
First year	40
Subsequent years	To be agreed between parties

Notes to the Financial Statements

For the year ended 31 March 2008

23 Commitments (cont'd)

23.1 Operating lease commitments (non-cancellable) (cont'd)

- (c) The lease on the Group's office premises on which rental is payable is located at 24B, Building 4, Renheng Plaza, 88 Maoxing Road, Pudong New District, Shanghai (上海市浦东新区茂兴路88号仁恒广场4号楼24B). The office area is 137.16 square metres. The lease commences on 12 May 2004 and expires on 11 May 2009. The monthly rental payable is as follows:

	Rental per month RMB'000
First to third year	6
Subsequent years	To be agreed between parties

- (d) The lease on the Company's office premises on which rental is payable is located at 18 Heyuan Street, Daoli District (道里区河源街18号). The office area is 84.77 square metres. The lease commences on 20 March 2006 and expires on 19 March 2011. The monthly rental payable is RMB 16,000 per year.

23.2 Capital commitments

The Group	2008 RMB'000	2007 RMB'000
Capital expenditure contracted but not provided for in the financial statements		
- Construction of factory facility	10,488	—
- Machinery	53,749	—
	64,237	—

24 Dividends

The Company and the Group

On 20 November 2007, the Company declared an interim one-tier exempted dividend of \$30.10 per share amounting to RMB 5,053,000 (S\$1,000,000) for the financial year ended 31 March 2008. This amount has not been paid as at the end of the financial year.

At the Annual General Meeting to be held, a final dividend comprising one-tier tax exempt dividend of 1.00 (2007 - Nil) Singapore cents per share amounting to S\$4,437,500 will be proposed based on 443,750,000 number of ordinary shares in issue. These financial statements do not reflect these dividends payable, which will be accounted for in shareholder's equity as distribution of retained profits in the financial year ending 31 March 2009.

The Group

On 18 July 2007, the subsidiary, Fushun Yongmao declared dividends for the financial year ended 31 March 2007 prior to the completion of the Restructuring Exercise for a sum of RMB 25,000,000, of which RMB 17,500,000 was paid to the then shareholders prior to the Restructuring Exercise. The said dividends have been fully paid by 3 September 2007.

Notes to the Financial Statements

For the year ended 31 March 2008

25 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered with related parties:

The Group	2008 RMB'000	2007 RMB'000
Sales to related parties		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	4,722	10,292
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租赁有限公司)	29,242	6,085
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	45,733	31,666
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	539
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	96	–
- China Nuclear Huaxing Tat Hong Machinery Construction Co. Ltd (中核华兴达丰机械工程有限公司)	60,221	–
- Jiangsu Zheng He Tat Hong Equipment Rental Co., Ltd (江苏正和达丰机械租赁有限公司)	141	–
- Tat Hong Heavy Equipment Pte Ltd	74	–
Purchases from related parties		
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	1,766	4,661
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	13,284	30,518
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	165,100	23,169
Property, plant and equipment purchased from a related party		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	2,000	3,942
Intangible assets purchased from a related party		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	1,000	–
Rental fee charged by a related party		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	4,200	3,600
Rental fee charged by a director		
- Sun Zhao Lin (孙兆林)	240	–
Other expenses charged by a related party		
- Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司)	417	–
Procurement of materials for used by Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司) in respect of the Manufacturing Agreement dated 28 December 2007	63,268	–

Related parties refer to companies with common director.

Notes to the Financial Statements

For the year ended 31 March 2008

26 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of directors of the Company are disclosed in bands as follows:

	2008	2007
Number of directors		
RMB 750,000 to RMB 1,000,000	2	–
RMB 500,000 to RMB 749,999	–	–
RMB 250,000 to RMB 499,999	–	–
Below RMB 250,000	6	5
	8	5

27 Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included fair value interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units."

27.1 Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk is mainly with non-trade advances from related parties which is interest-free as shown in Note 11 to the financial statements.

27.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group carries out its business in the PRC and most of the transactions are denominated in United States dollar ("US\$"), Euro dollar ("Euro") and Renminbi. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign exposure should the need arises.

A 5% strengthening of the US\$ and Euro against the Renminbi as at 31 March 2008 would have had the following impact on the net profit by the amounts shown below.

31 March 2008

US\$

Gain ('000)

431

30 March 2008

Euro

Gain ('000)

222

Notes to the Financial Statements

For the year ended 31 March 2008

27 Financial risk management objectives and policies (cont'd)

27.2 Foreign currency risk (cont'd)

A 5% percent weakening of the US\$ and Euro against Renminbi at 31 March 2008 would have the equal but opposite effect on Renminbi of the amounts shown above.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Group exposure to currency risk.

27.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other significant concentration of credit risk other than as at 31 March 2008, the five largest trade receivables which represents approximately 91% of the total trade receivables at the balance sheet date. No other financial assets carry a significant exposure to credit risk.

For sales of tower cranes in the PRC, the Group typically requires a down payment of up to 30% of the contract price upon the order being placed. Upon delivery, up to 65% of the contract price is payable and the balance is to be paid by the customer at the expiry of the 12-month warranty period for manufacturing defects. For certain customers in the PRC, the Group gives credit terms of up to 60 days from the date of invoice.

For the Group's overseas sales of tower cranes, the Group typically requires a down payment of up to 30% of the contract price upon the order being placed. Upon shipment, the balance of the contract price is payable by way of letter of credit or telegraphic transfer.

The credit terms granted to customers are recommended by the Group's sales department and approved by the Group's Chief Executive Officer, Tian Ruo Nan (田若南) and are determined based on the credit worthiness, payment history, transaction volume, financial background, market reputation and the existing relationship that the Group have with its customers.

There is no impairment losses recognised in the relevant periods since all receivables are collected within the credit period granted.

27.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

27.5 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group does not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

However, the Group is exposed to the market price for its principal raw materials which relate mainly to the steel materials.

Notes to the Financial Statements

For the year ended 31 March 2008

27 Financial risk management objectives and policies (cont'd)

27.5 Price risk (cont'd)

A 10% increase in the price of steel for the financial year ended 31 March 2008 would have the effect of decreasing the net profit by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 March 2008
RMB'000
10,484

A 10% decrease in the price of steel for the financial year ended 31 March 2008 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

28 Statement of operations by segments

The Group is substantially in one business segment, namely developing and manufacturing and sale of tower cranes, and tower crane components and accessories. Accordingly, no business segment information is presented. For geographical segment revenue information, the allocation which is based on the geographical location where the customers are located is as follows:

Geographical Segment	2008 RMB'000	2007 RMB'000
Revenue		
Asia and Middle East	281,888	133,933
United States of America and Europe	207,751	83,256
PRC	163,193	61,067
	652,832	278,256

The Group operates principally in construction engineering equipment, engineering machinery, tower cranes, truck cranes, no reporting by business segment of operations is presented.

29 Financial instruments

Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

30 Critical accounting estimates

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements

For the year ended 31 March 2008

30 Critical accounting estimates (cont'd)

- (i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completed and selling expenses. These estimates are based on the current market condition and the historical expense of selling products of "similar nature." It could change significantly as a result of competitors in response to severe industry's cycles.

31 Capital management

The Company's and the Group's objectives when managing capital are:

- (a) To safeguard the Company's and the Group's ability to continue as a going concern;
- (b) To support the Company's and the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability.

The Company and the Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently does not adopt any formal dividend policy.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Yongmao Holdings Limited ("the Company") will be held at 18 Sungei Kadut Avenue, Yew Tee Industrial Estate, Singapore 729489 on Monday, 28 July 2008 at 2 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 March 2008 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of 1.0 cent per ordinary share tax exempt for the year ended 31 March 2008. **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Articles 117 and 121 of the Articles of Association of the Company:

Mr Sun Zhao Lin	(Retiring under Article 117)	(Resolution 3)
Mr Sun Tian	(Retiring under Article 117)	(Resolution 4)
Ms Tian Ruo Nan	(Retiring under Article 121)	(Resolution 5)
Mr Chua Kee Lock	(Retiring under Article 121)	(Resolution 6)
Mr Ho Chew Thim	(Retiring under Article 121)	(Resolution 7)
Dr Steve Lai Mun Fook	(Retiring under Article 121)	(Resolution 8)

**Mr Chua Kee Lock will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and a member of Nominating Committee and Audit Committee respectively and he will be considered independent.*

**Mr Ho Chew Thim will, upon re-election as Director of the Company, remain as Chairman of Audit Committee and member of Remuneration Committee and Nominating Committee respectively and he will be considered independent.*

**Dr Steve Lai Mun Fook will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and member of Audit Committee and Remuneration Committee respectively and he will be considered independent.*

4. To approve the payment of Directors' fees of S\$180,000.00 for the year ended 31 March 2008. **(Resolution 9)**
5. To re-appoint Foo Kon Tan Grant Thornton as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 10)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

Notice of Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force
 - (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (i)]

(Resolution 11)

8. Renewal of Shareholders' Mandate for Interested Person Transactions

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report dated 10 July 2008 (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

Notice of Annual General Meeting

- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.
[See Explanatory Note (ii)]

(Resolution 12)

By Order of the Board

Lynn Wan Tiew Leng
Lai Foon Kuen
Secretaries

Singapore, 10 July 2008

Explanatory Notes:

- (i) The Ordinary Resolution [11] in item [7] above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution [12] proposed in item [8] above, if passed, will authorise the Interested Person Transactions as described in the Appendix to the Annual Report and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.

Notes :

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 18 Sungei Kadut Avenue, Yew Tee Industrial Estate, Singapore 729489 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Statistics of Shareholdings

As at 17 June 2008

Number of Shares : 443,750,000
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

There are no treasury shares held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	267	48.19	1,497,000	0.34
10,001 - 1,000,000	273	49.28	23,691,143	5.34
1,000,001 AND ABOVE	14	2.53	418,561,857	94.32
TOTAL :	554	100.00	443,750,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	SUN TIAN	254,714,350	57.40
2.	TAT HONG HOLDINGS LTD	88,755,369	20.00
3.	CIMB-GK SECURITIES PTE. LTD.	26,385,000	5.95
4.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	10,577,000	2.38
5.	2G CAPITAL PTE LTD	10,000,000	2.25
6.	LIM KOK YONG	5,254,397	1.18
7.	DBS NOMINEES PTE LTD	4,576,198	1.03
8.	PHILLIP SECURITIES PTE LTD	4,326,000	0.97
9.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,577,000	0.81
10.	LIM HUA TIONG	3,300,000	0.74
11.	NG CHWEE CHENG	2,783,000	0.63
12.	KIM ENG SECURITIES PTE. LTD.	1,787,802	0.40
13.	YING SIEW KHAY	1,394,741	0.31
14.	RAFFLES NOMINEES PTE LTD	1,131,000	0.25
15.	DBS VICKERS SECURITIES (S) PTE LTD	875,000	0.20
16.	SEE BENG LIAN JANICE	850,000	0.19
17.	LIM SIOK KWEE	800,000	0.18
18.	WEE AH WEY	750,000	0.17
19.	UOB KAY HIAN PTE LTD	741,000	0.17
20.	LIM PENG CHUAN TERENCE	700,000	0.16
TOTAL :		423,277,857	95.37

20.79% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Statistics of Shareholdings

As at 17 June 2008

SUBSTANTIAL SHAREHOLDERS AS AT 17 JUNE 2008

	Name of Shareholders	Number of Shares	
		Direct	Deemed Interest
1	Sun Tian ⁽¹⁾	254,714,350	–
2	Sun Zhao Lin ⁽²⁾	–	254,714,350
3	Tian Ruo Nan ⁽³⁾	–	127,357,175
4	Tat Hong Holdings Ltd	88,755,369	–
5	Chwee Cheng & Sons Pte Ltd ⁽⁴⁾	–	88,755,369

Notes:

- (1) Mr Sun Tian is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan.
- (2) The deemed interest of Mr Sun Zhao Lin arises from his right under a call option granted to him by Mr Sun Tian to acquire up to 254,714,350 shares. The call option is exercisable by Mr Sun Zhao Lin for a period of five years commencing on the date falling six months after the date of admission of the Company to the Official List of the SGX-ST.
- (3) In the event that Ms Tian Ruo Nan's spouse, Mr Sun Zhao Lin exercises his option [as disclosed under Note (2) above], and if requested by her, up to 50% of the shares which are the subject of the exercise may be transferred to her.
- (4) Chwee Cheng & Sons Pte Ltd is deemed to be interested in the shares of the Company by virtue of the shares held by Tat Hong Holdings Ltd. Mr Ng San Tiong is a director and shareholder of Chwee Cheng & Sons Pte Ltd. Chwee Cheng & Sons Pte Ltd and Mr Ng San Tiong are substantial shareholders of Tat Hong Holdings Ltd.

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

1. INTRODUCTION

The Company is seeking approval from the Shareholders at the AGM to be held on 28 July 2008 for the renewal of the Shareholders' Mandate to authorize the Group to enter into various Interested Person Transactions in compliance with Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The details of the existing Shareholders' Mandate were set out in the Company's listing prospectus dated 31 January 2008 (the "Prospectus").

2. GENERAL

We anticipate that our Group would, in the ordinary course of business, enters into transactions with persons who are considered "Interested Persons" as defined in Chapter 9 of the Listing Manual. It is likely that such transactions will occur with some degree of frequency and could arise at any time, and from time to time. Such transactions include, but are not limited to, the categories of transactions described below.

Chapter 9 of the Listing Manual applies to transactions entered or to be entered into by an entity at risk with a party that is an interested person of the listed company. Save for transactions which are excluded under Chapter 9 of the Listing Manual, an immediate announcement and (if applicable) shareholders' approval would be required in respect of a transaction with interested persons ("interested person transaction") if the value of that transaction is equal to or exceeds certain financial thresholds.

Under the SGX-ST Listing Manual:-

- (a) an "entity at risk" means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "listed group"), or the listed group and its interested person(s), has control over the associated company;
- (b) an "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) an "associate" means:-
 - (i) in relation to an interested person who is a director, chief executive officer, substantial or controlling shareholder includes:-
 - 1. an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling and parent) of such director, chief executive officer, substantial or controlling shareholder;
 - 2. the trustees of any trust of which the director or his immediate family, the chief executive officer or his immediate family or substantial shareholder or controlling shareholder or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object;
 - 3. any company in which the director and his immediate family, the chief executive officer and his immediate family or substantial shareholder or controlling shareholder and his immediate family has an aggregate interest (directly or indirectly) of 30% or more; and
 - (ii) where a substantial shareholder or a controlling shareholder which is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.
- (d) an "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

- (e) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9.
- (f) a "controlling shareholder" means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over the listed company.
- (g) an "interested person transaction" means a transaction between an entity at risk and an interested person.

Pursuant to Rule 920(2) of the Listing Manual, our Company may treat a general mandate as having been obtained from our Shareholders ("Shareholders' Mandate") for us to enter into certain categories of interested person transactions with the classes of interested person set out below, if the information required by Rule 920(1)(b) is included in the Prospectus. Rule 920(1)(b) of the Listing Manual requires the following information to be disclosed:

- (i) the class of interested persons with which the entity at risk will be transacting;
- (ii) the nature of the transactions contemplated under the mandate;
- (iii) the rationale for, and benefit to, the entity at risk;
- (iv) the methods or procedures for determining transaction prices;
- (v) an independent financial adviser's opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the listed company and its minority shareholders;
- (vi) an opinion from the audit committee if it takes a different view to the independent financial adviser;
- (vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate; and
- (viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The Shareholders' Mandate will be effective from the date of the passing of the resolution to be proposed at the AGM and will continue to be in force until the next annual general meeting. We will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting of our Company.

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons will abstain, and have undertaken to ensure that their associates will abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by shareholders who are unrelated to such interested persons or their associates.

Rule 905 and Rule 906 of the Listing Manual do not apply to any transaction which has a value that is below S\$100,000 with an interested person and therefore transactions below S\$100,000 need not be covered under the Shareholders' Mandate.

3. CLASSES OF INTERESTED PERSONS

The Shareholders' Mandate will apply to transactions between our Group and the following persons ("Interested Persons"):

- (a) Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian (the "Sun Family Members") and their associates (other than our Company), including Fushun Yongmao Industry and Trade Co., Ltd ("FYIT"), Fushun Yongmao Engineering Machinery Co., Ltd ("FYEM") and Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd ("Beijian") and their respective subsidiaries or associated companies, if any; and

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

- (b) Tat Hong Holdings Ltd and its subsidiaries and associated companies (the "Tat Hong Group").

Transactions with interested persons that do not fall within the ambit of the Shareholders' Mandate shall be subject to the provisions of Chapter 9 and/or any other applicable provisions of the Listing Manual.

4. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The following transactions (the value of which is S\$100,000 or more) with the Interested Persons (the "Interested Person Transactions") are in connection with the provision to, or the obtaining from, these Interested Persons of products and services which are recurrent transactions of a revenue or trading nature or which are necessary for the day-to-day operations of our Group:

- (i) the sale of products (including the sale of towercranes and towercrane accessories to companies within the Tat Hong Group) and the provision of services;
- (ii) the purchase of products and services (including the purchases of consumables from FYIT); and
- (iii) manufacturing and other related arrangements with Beijian, including under the Beijian Manufacturing Agreement pursuant to which Beijian manufactures towercranes for our Group.

5. RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the Shareholders' Mandate to enter into the Interested Person Transactions, provided that all such transactions are carried out on normal commercial terms. The Shareholders' Mandate (if approved and renewed on an annual basis) will eliminate, among others, the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions with interested persons arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising its corporate objectives and adversely affecting its business opportunities.

The Interested Person Transactions are entered into or, are to be entered into, by our Group in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

The Directors are of the view that it will be beneficial to our Group to transact or continue to transact with the Interested Persons after the listing of our Company on the SGX-ST. Disclosure will be made where required under the prevailing listing rules, in our Company's annual report and financial results on the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force.

6. GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

The Audit Committee has reviewed and approved the following internal control procedures that will apply to Interested Person Transactions. These procedures are implemented with a view to ensuring that Interested Person Transactions are undertaken on normal commercial terms and/or on an arm's length basis; that is, the transactions are transacted on terms not more favourable to the Interested Persons than if they were transacted with an unrelated third party, and are not prejudicial to the interests of the Company and the minority Shareholders.

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

Our Company shall monitor transactions with Interested Persons entered into by our Group and categorise these transactions as follows:

- (a) any transaction, excluding transactions under the Beijian Manufacturing Agreement, whose value is less than 3% of the latest audited net tangible assets of our Group will be reviewed and approved by a non-interested Executive Director. In the event that all the Executive Directors have an interest, whether directly or indirectly, in the transaction, it will be reviewed and approved by a non-interested and Non-Executive Director;
- (b) any transaction, excluding transactions under the Beijian Manufacturing Agreement, whose value is equal to or exceeds 3% of the latest audited net tangible assets of our Group will be reviewed and approved by at least one member of our Audit Committee; and
- (c) any proposed transaction under the Beijian Manufacturing Agreement will be evaluated and approved by the Executive Officer in charge of the Beijian Manufacturing Agreement, currently Mr Liu Xiao Ming, before the transaction is entered into. Such Executive Officer shall also keep a record of the date and basis for entering into such transactions. In addition, proposed transactions under the Beijian Manufacturing Agreement will be reviewed by our Financial Controller to ensure that they are entered into in accordance with the terms of the agreement. Further, the Audit Committee shall review on a quarterly basis, the transactions under the Beijian Manufacturing Agreement with a view to ensuring that they were in accordance with the terms of the agreement and that there was proper basis for requiring Beijian to undertake manufacturing of the towercranes. Transactions under or pursuant to the Beijian Manufacturing Agreement, including the purchase of towercranes from and the supply of steel materials for Beijian, shall be reviewed by an independent auditor on a quarterly basis who shall in turn report to our Audit Committee their findings, to facilitate our Audit Committee's quarterly review.

For the purpose of the above review, where applicable, when supplying products or services to an Interested Person, the sale price or fee, and the terms, of at least two successful sales or supplies of a similar nature to non-Interested Persons within the last three months will be used for comparison. The sale price or fee for the supply of goods or services shall not be lower than the lowest sale price or fee of such other transaction(s) (of a similar nature) with non-Interested Persons.

Similarly, where applicable, when purchasing items from or engaging the services of an Interested Person, at least two successful purchases or quotations for the purchase or provision of same or similar items or services from non-Interested Persons within the last three months will be used (where available) for comparison. The purchase price or fee shall not be higher than the most competitive price, fee or quote of such other transaction(s) (of a similar nature) with non-Interested Persons. In determining the most competitive price or fee, non-price factors, including but not limited to quality, delivery time, and track record will be taken into account.

In the event that it is not possible for appropriate information (for comparative purposes) to be obtained, a Director (with no interest, direct or indirect, in the Interested Person Transaction) will determine whether the price, fees and/or the other terms offered by or to the Interested Persons are fair and reasonable, and approve such Interested Person Transaction. In so determining, such Director will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length and on normal commercial terms.

For all on-going and future Interested Person Transactions in respect of the renting of properties, appropriate steps will be taken with a view to ensuring that the rent is commensurate with the prevailing market rates, including adopting measures such as making enquiries with landlords of similar property and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

The Company will maintain a register of Interested Persons. This register will be updated regularly and will be sent to the Financial Controller of our Group. The purpose of this register is to enable the Financial Controller to identify the Interested Persons so as to facilitate the recording of all Interested Person Transactions excluding those below S\$100,000.

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

The Company will also maintain a register of transactions carried out with Interested Persons including those pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into). This register of transactions shall be reviewed by the Audit Committee on a quarterly basis.

In addition, our Group's internal audit plan will incorporate a review of the transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate. The internal auditor, if any, shall be required to review such transactions and report directly to the Audit Committee on them. In the event that the Company does not have any internal auditor, the Company's external auditor will be required to review such transactions and report directly to the Audit Committee. Such internal audit plan is subject to the approval of the Audit Committee and the Board.

In the event that our Chief Executive Officer, a member of the Board or a member of the Audit Committee (where applicable) is interested in any Interested Person Transaction, he/she will abstain from any decision making by the Audit Committee or the Board in respect of that transaction.

If during the quarterly reviews, the Audit Committee is of the view that the internal control procedures as stated above are not sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new guidelines and review procedures with interested persons. All Interested Person Transactions shall be reviewed and approved by at least one member of the Audit Committee prior to entry while a fresh mandate is being sought from Shareholders. In the event that a member of the Audit Committee is interested in any of the Interested Person Transactions, that member will abstain from reviewing that particular transaction.

The Audit Committee will also review transactions with interested persons on a quarterly basis with a view to ensuring that the prevailing rules of the SGX-ST (in particular, Chapter 9) are complied with. Our Audit Committee and our Board shall have the overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Group as they deem appropriate.

7. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company has reviewed the terms of the Shareholders' Mandate. Having considered, inter alia, the categories, rationale and benefits, and guidelines on review procedures for the Interested Person Transactions, the Audit Committee confirms that (i) the review procedures for determining the prices of Interested Person Transactions have not changed since approval for the Shareholders' Mandate was last given; and (ii) the review procedures set out in the Shareholders' Mandate are sufficient to ensure that the Interested Person Transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. However, should the Audit Committee subsequently find that the existing procedures require material changes and are no longer relevant, the Audit Committee will recommend to the Board that a Shareholders' meeting be convened for Shareholders' approval in respect of a fresh mandate.

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders of the Company in the issued share capital of the Company as at 17 June 2008 are set out below:-

	Number of Shares		Number of Shares	
	Direct Interest	%	Deemed Interest	%
Director				
Sun Zhao Lin	–	–	254,714,350	57.40
Tian Ruo Nan	–	–	127,357,175	28.70
Ng San Tiong	–	–	–	–
Sun Tian	254,714,350	57.40	–	–
Lim Kok Yong	5,254,397	1.18	–	–
Chua Kee Lock	–	–	–	–
Ho Chew Thim	–	–	–	–
Steve Lai Mun Fook	–	–	–	–
Substantial Shareholder				
Tat Hong Holdings Ltd	88,755,369	20.00	–	–
Chwee Cheng & Sons Pte Ltd	–	–	88,755,369	20.00

Notes:

1. Mr Sun Tian is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan.
2. The deemed interest of Mr Sun Zhao Lin arises from his right under a call option granted to him by Mr Sun Tian to acquire up to 254,714,350 shares. The call option is exercisable by Mr Sun Zhao Lin for a period of five years commencing on the date falling six months after the date of admission of the Company to the Official List of the SGX-ST.
3. In the event that Ms Tian Ruo Nan's spouse, Mr Sun Zhao Lin exercises his option [as disclosed under Note (2) above], and if requested by her, up to 50% of the shares which are the subject of the exercise may be transferred to her.
4. Chwee Cheng & Sons Pte Ltd is deemed to be interested in the shares of the Company by virtue of the shares held by Tat Hong Holdings Ltd. Mr Ng San Tiong is a director and shareholder of Chwee Cheng & Sons Pte Ltd. Chwee Cheng & Sons Pte Ltd and Mr Ng San Tiong are substantial shareholders of Tat Hong Holdings Ltd.

9. ABESENTION FROM VOTING

- (i) Mr Sun Zhao Lin, Ms Tian Ruo Nan, Mr Sun Tian and Tat Hong Holdings Ltd, and their respective associates, being the Interested Persons will abstain from voting on the Resolution 12.
- (ii) Messrs Ng San Tiong and Lim Kok Yong who hold directorships and executive position in Tat Hong Group, and their respective associates will abstain from voting on the Resolution 12.

10. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders Mandate are Mr Chua Kee Lock, Mr Ho Chew Thim and Dr Steve Lai Mun Fook (the "Independent Directors"). The Independent Directors are of the opinion that the entry into of the Interested Person Transactions between the Interested Person Transactions by our Group in the ordinary course of its business will enhance the efficiency of the Group and are in the best interests of the Company.

For the reasons set out in paragraph 5 of the Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution No. 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at this AGM.

Appendix

Summary sheet for renewal of shareholders' mandate for interested person transactions

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate and that there are no material facts the omission of which would make any statement herein misleading.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 18 Sungei Kadut Avenue Yew Tee Industrial Estate Singapore 729489 not less than 48 hours before the time appointed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

13. SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Appendix.

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YONGMAO HOLDINGS LIMITED

[Company Registration No. 200510649K]
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Yongmao Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____

of _____

being a member/members of Yongmao Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Monday, 28 July 2008 at 2 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 March 2008		
2	Payment of proposed final dividend		
3	Re-election of Mr Sun Zhao Lin as a Director		
4	Re-election of Mr Sun Tian as a Director		
5	Re-election of Ms Tian Ruo Nan as a Director		
6	Re-election of Mr Chua Kee Lock as a Director		
7	Re-election of Mr Ho Chew Thim as a Director		
8	Re-election of Dr Steve Lai Mun Fook as a Director		
9	Approval of Directors' fees amounting to S\$180,000.00		
10	Re-appointment of Foo Kon Tan Grant Thornton as Auditors		
11	Authority to allot and issue new shares		
12	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2008

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing one hundred per cent (100%) of the shareholding and any subsequent named proxy as an alternate to the first named.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Sungei Kadut Avenue, Yew Tee Industrial Estate, Singapore 729489 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.