This is a Preliminary Prospectus. The information contained herein is not complete and is subject to further amendments and completion in the final prospectus to be registered with the Monetary Authority of Singapore (the "Authority"). Under no circumstances shall this Preliminary Prospectus constitute an offer for sale, disposal or subscription of, or a solicitation or invitation of an offer to buy or subscribe for, any securities in any jurisdiction, nor shall there be any disposal of securities in any jurisdiction on the basis of this Preliminary Prospectus. This Preliminary Prospectus has been lodged with the Authority who takes no responsibility for its contents. Certain information (including dates and times) and statements in this Preliminary Prospectus refer to events which have not occurred or been completed, and may or may not have occurred or been completed by the time the final Prospectus is registered by the Authority, which may or may not occur. No reliance may be placed for any purpose whatsoever on the information contained in this Preliminary Prospectus or on its completeness. A person to whom a copy of this Preliminary Prospectus is issued must not circulate it to any other person.

THIS IS A PRELIMINARY PROSPECTUS AND IS SUBJECT TO FURTHER AMENDMENTS AND COMPLETION IN THE FINAL PROSPECTUS TO BE REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE (THE "AUTHORITY"). THIS PRELIMINARY PROSPECTUS IS DATED 31 DECEMBER 2007 AND LODGED WITH THE AUTHORITY ON 31 DECEMBER 2007.

IMPORTANT NOTE:

Neither this Preliminary Prospectus nor any copy of it may be taken or transmitted into any country where the distribution or dissemination of this Preliminary Prospectus is prohibited. This Preliminary Prospectus is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, circulated or distributed to any other person. By accepting this Preliminary Prospectus, you agree to be bound by the limitations and restrictions described herein.

This Preliminary Prospectus does not constitute an offer or invitation to subscribe for or acquire any securities and neither this Preliminary Prospectus nor anything contained herein shall form the basis of any contract or commitment whatsoever. No person shall be bound to enter into any contract or binding legal commitment and no monies or other form of consideration is to be accepted on the basis of this Preliminary Prospectus. **No offer or invitation to subscribe for or acquire any Shares to which this Preliminary Prospectus relates shall be made or received on the basis of this Preliminary Prospectus. No offer or agreement to subscribe for or acquire any Shares to which this Preliminary Prospectus relates shall be made on the basis of this Preliminary Prospectus.** The information in this Preliminary Prospectus is subject to further verification, and updating, revision, amendments and completion in the final Prospectus to be registered by the Authority (as defined below). Any decision to subscribe for securities must be made solely on the basis of information contained in the final Prospectus or other offering document which may be issued by Yongmao Holdings Limited, which information may be different from the information contained in this Preliminary Prospectus.

A copy of this Preliminary Prospectus has been lodged with the Authority. The Authority assumes no responsibility for the contents of this Preliminary Prospectus. Lodgement of this Preliminary Prospectus does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. This Prospectus in its final form may be registered with the Authority on any day between the 14th and 21st days (both days inclusive) from the date of lodgement of this Preliminary Prospectus, provided that the Prospectus in its final form is lodged with the Authority and upon the provision of certain information by us to the Authority required under the Securities and Futures Act, Chapter 289 of Singapore, unless the Authority extends the period (the "Exposure Period"). The purpose of the Exposure Period is to enable investors to examine this Preliminary Prospectus prior to raising of funds. The examination may result in identification of deficiencies in this Preliminary Prospectus and accordingly, this Preliminary Prospectus may be amended. Any reference in this document to the term "Prospectus" shall, unless the context requires otherwise, refer to this Preliminary Prospectus.

OUR COMPANY HAS NOT YET BEEN CONVERTED TO A PUBLIC COMPANY AS AT THE DATE OF LODGEMENT OF THIS PRELIMINARY PROSPECTUS AND SHALL BE CONVERTED TO A PUBLIC COMPANY BEFORE THE REGISTRATION OF THE FINAL PROSPECTUS. THE PROPOSED NAME OF OUR COMPANY ON CONVERSION IS "YONGMAO HOLDINGS LIMITED".

PROSPECTUS DATED ●
(registered by the Monetary Authority of Singapore on ●)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

We have made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and for quotation of all the ordinary shares (the "Shares") in the capital of Yongmao Holdings Limited (the "Company") already issued and the new Shares which are the subject of this Invitation (the "New Shares"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. **The dealing in and quotation of the Shares will be in Singapore dollars.**

Acceptance of applications will be conditional upon, *inter alia*, permission being granted to deal in, and for quotation of, all of the existing issued Shares and the New Shares. If the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claims whatsoever against us, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of our issued Shares and the New Shares, subject to certain conditions. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company and our subsidiary, the Shares or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares or the New Shares being offered for investment.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")), except to persons in offshore transactions in reliance on Regulation S under the Securities Act. The Shares are being offered and sold outside the U.S. to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act. For further information on the restrictions on offers, sales and transfers of the Shares, see sections entitled "Selling Restrictions" and "Plan of Distribution" in this Prospectus.

Investing in our Shares involves risks, including those in the section entitled "Risk Factors" in this Prospectus, which contains a discussion of certain factors to be considered in connection with an investment in our Shares. No Shares will be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

永茂控股

YONGMAO HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 3 August 2005)
(Company Registration No: 200510649K)

Invitation in respect of ● New Shares as follows:

(i) ● Offer Shares at S$● for each Offer Share by way of public invitation; and

(ii) ● Placement Shares at S$● for each Placement Share,

payable in full on application.

Manager, Underwriter and Placement Agent

CIMB

CIMB-GK SECURITIES PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number 198701621D)

YONGMAO HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 3 August 2005)
(Company Registration No: 200510649K)

Manager, Underwriter and Placement Agent

CIMB-GK SECURITIES PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 198701621D)

Total Invitation Proceeds	*Management Fees*	*Underwriting, Placement and Brokerage Fees*	*Other Estimated Issue Expenses*	*Net Invitation Proceeds*
S$●	*S$0.3 million*	*S$●*	*S$2.0 million*	*S$●*

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr Sun Zhao Lin (孙兆林) (Executive Chairman) Ms Tian Ruo Nan (田若南) (Chief Executive Officer) Mr Ng San Tiong (Deputy Chairman and Non-Executive Director) Mr Sun Tian (孙田) (Non-Executive Director) Mr Lim Kok Yong (Non-Executive Director) Mr Chua Kee Lock (Lead Independent Director) Mr Ho Chew Thim (Independent Director) Dr Steve Lai Mun Fook (Independent Director)
JOINT COMPANY SECRETARIES	:	Sophia Lim Siew Fay, ACIS Lai Foon Kuen, ACIS
REGISTERED OFFICE	:	18 Sungei Kadut Avenue Singapore 729489
HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	No. 3 Yuanda Road Shuncheng District, Fushun City Liaoning Province, PRC, 113126
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	**Boardroom Corporate & Advisory Services Pte. Ltd.** 3 Church Street #08-01 Samsung Hub Singapore 049483
MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	**CIMB-GK Securities Pte. Ltd.** 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
SOLICITORS TO THE INVITATION	:	**Rajah & Tann** 4 Battery Road #26-01 Bank of China Building Singapore 049908
LEGAL ADVISER TO THE COMPANY ON PRC LAW	:	**Yuan Tai Law Offices** 14/F, Hua Xia Bank Plaza 256 South Pudong Road Shanghai, PRC, 200120
INDEPENDENT AUDITORS	:	**Foo Kon Tan Grant Thornton** Certified Public Accountants 47 Hill Street #05-01 Singapore Chinese Chamber of Commerce & Industry Building Singapore 179365 Partner-in-charge: Mr Yeo Boon Chye
INDEPENDENT FINANCIAL ADVISER	:	**Ernst & Young Corporate Finance Pte Ltd** One Raffles Quay North Tower, Level 18 Singapore 048583

RECEIVING BANK	:	**CIMB Bank Berhad, Singapore Branch** 50 Raffles Place #01-01 Singapore Land Tower Singapore 048623
PRINCIPAL BANKERS	:	**Bank of China, Fushun Branch** (中国银行股份有限公司抚顺分行) No. 10 Dong Yi Road Xinfu District, Fushun Liaoning, PRC **Bank of Communications, Fushun Branch** (交通银行股份有限公司抚顺分行) No. 2-1 Western 1st Road Xinfu District, Fushun Liaoning, PRC, 112008

In this Prospectus and the accompanying Application Forms and, in relation to Electronic Applications, the instructions appearing on the screens of ATMs and IB websites of the relevant Participating Banks, the following definitions shall apply unless the context otherwise requires or unless otherwise stated:

Our Group Companies

"Company" or "Yongmao"	:	Yongmao Holdings Limited
"FSYM Construction"	:	Fushun Yongmao Construction Machinery Co., Ltd (抚顺永茂建筑机械有限公司)
"Group"	:	Our Company and its subsidiary as at the date of this Prospectus

Other Companies, Organisations and Agencies

"Authority"	:	The Monetary Authority of Singapore
"Beijian"	:	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)
"Beijing Construction Group"	:	Beijing Construction Group Co., Ltd (北京建工集团有限责任公司)
"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"CIMB-GK", "Manager", "Placement Agent" or "Underwriter"	:	CIMB-GK Securities Pte. Ltd.
"FS Engineering"	:	Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司)
"FYEM"	:	Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)
"FYHM"	:	Fushun Yongmao Hydraulic Machinery Co., Ltd (抚顺永茂液压机械有限公司)
"FYIG"	:	Fushun Yongmao Industry Group Co., Ltd (抚顺永茂实业集团有限公司)
"FYIT"	:	Fushun Yongmao Industry and Trade Co., Ltd (抚顺永茂工贸发展有限公司)
"KOSHA"	:	Korea Occupational Safety and Health Agency
"IFA"	:	Ernst & Young Corporate Finance Pte Ltd
"ISO"	:	International Organization for Standardization, a worldwide federation of national standards bodies from countries whose mission is to develop worldwide industrial and commercial standards
"Leadpoint"	:	Leadpoint Pte. Ltd., a 70%-owned subsidiary of Tat Hong

"SAFE"	:	The State Administration for Foreign Exchange of PRC (国家外汇管理局)
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd of Singapore
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"State" or "PRC Government"	:	The central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Tat Hong"	:	Tat Hong Holdings Ltd
"Zhong Heng Real Estate Appraisal"	:	Fushun Zhong Heng Real Estate Appraisal Co., Ltd (抚顺中衡房地产价格评估咨询有限公司)
"Zhong Hua Xin Assets Evaluation"	:	Liaoning Zhong Hua Xin Assets Evaluation Co., Ltd (辽宁中华信资产评估有限公司)

General

"Application Forms"	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
"Application List"	:	The list of applications for subscription of the New Shares
"Articles"	:	Articles of Association of the Company
"associate"	:	(a) in relation to an entity, means: (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or (ii) in any other case, (A) a director or an equivalent person; (B) where the entity is a corporation, a controlling shareholder of the entity; (C) where the entity is not a corporation, a controlling interest-holder of the entity; (D) a subsidiary, a subsidiary entity, an associated company, or an associated entity; or (E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be, of the entity; and

(b) in relation to an individual, means:

(i) his immediate family;

(ii) a trustee of any trust of which the individual or any member of the individual's immediate family is:

(A) a beneficiary; or

(B) where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or

(iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the total votes attached to all voting shares

The terms "associated entity", "controlling interest-holder", "related corporation", "related entity", "subsidiary", "subsidiary entity" and "substantial interest-holder" shall have the same meanings ascribed to them respectively in the SFA Regulations

"associated company" : In relation to a corporation and in the context of the description of interested person transactions, means:

(a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the total votes attached to all voting shares; or

(b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially

"ATM" : Automated teller machine of a Participating Bank

"Audit Committee" : The audit committee of our Company for the time being

"Beijian Manufacturing Agreement" : Has the meaning ascribed to it in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" on page 145 of this Prospectus

"Board" : The board of directors of our Company for the time being

"business trust" : Has the same meaning as in section 2 of the Business Trusts Act 2004, Chapter 31A of Singapore

"China" or "PRC" : The People's Republic of China which, for the purposes of this Prospectus, excludes Hong Kong and Macau Special Administrative Regions of the PRC, and Taiwan

"Companies Act" : The Companies Act, Chapter 50 of Singapore

"controlling shareholder"	:	A person who: (a) has an interest in the voting Shares in our Company of an aggregate of not less than 15% of the total votes attached to all the voting Shares in our Company, unless he does not exercise control over our Company; or (b) has an interest in the voting Shares of our Company and who exercises control over our Company
"Debt Capitalisation"	:	Has the meaning ascribed to it in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" on page 87 of this Prospectus
"Directors"	:	The directors of our Company as at the date of this Prospectus
"Dividend Payment"	:	Has the meaning ascribed to it in the section entitled "Dividend Policy" on page 73 of this Prospectus
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or the IB website of one of the relevant Participating Banks in accordance with the terms and conditions of this Prospectus
"entity"	:	Has the same meaning as in Section 2 of the Securities and Futures Act
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of our Company as at the date of this Prospectus
"Executive Officers"	:	The executive officers of our Group named on page 131 of this Prospectus
"FIE"	:	Foreign investment enterprise under PRC laws
"FP2006"	:	Financial period from 3 August 2005 to 31 March 2006
"FY"	:	Financial year ended or, as the case may be, ending 31 March
"FY2007Q1"	:	Three months ended 30 June 2006
"FY2008Q1"	:	Three months ended 30 June 2007
"IB"	:	Internet Banking
"Independent Directors"	:	The independent Directors of our Company as at the date of this Prospectus
"Invitation"	:	The invitation by our Company to the public to subscribe for the New Shares, on the terms and subject to the conditions of this Prospectus
"Issue Price"	:	S$● for each New Share
"Latest Practicable Date"	:	21 December 2007, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
"Listing Manual"	:	The listing manual of the SGX-ST

"Loan Conversion"	:	The conversion of the convertible loan advanced by Mr Sun Tian to our Company as described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"New Shares"	:	The ● new Shares for which our Company invites applications to subscribe pursuant to the Invitation, on the terms and subject to the conditions of this Prospectus
"Nominating Committee"	:	The nominating committee of our Company for the time being
"Non-Executive Directors"	:	Non-executive Directors of our Company (including Independent Directors) as at the date of this Prospectus
"NTA"	:	Net tangible assets
"Offer"	:	The invitation by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, on the terms and subject to the conditions of this Prospectus
"Offer Shares"	:	● of the New Shares which are the subject of the Offer
"Participating Banks"	:	United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the "**UOB Group**"), DBS Bank Ltd (including POSB) ("**DBS Bank**") and Oversea-Chinese Banking Corporation Limited ("**OCBC**")
"PBT"	:	Profit before tax
"PER"	:	Price earnings ratio
"Placement"	:	The placement by the Placement Agent on behalf of our Company of the Placement Shares at the Issue Price, on the terms and subject to the conditions of this Prospectus
"Placement Shares"	:	● of the New Shares which are the subject of the Placement
"Prospectus"	:	This prospectus dated ● issued by our Company in respect of the Invitation
"Regulation S"	:	Regulation S under the Securities Act
"Remuneration Committee"	:	The remuneration committee of our Company for the time being
"Restructuring Exercise"	:	The restructuring exercise undertaken by our Group in connection with the Invitation, as described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"Securities Act"	:	The U.S. Securities Act of 1933, as amended

"Securities and Futures Act" or "SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore
"Service Agreements"	:	Has the meaning ascribed to it in the section entitled "Directors, Management and Staff – Service Agreements" on page 135 of this Prospectus
"SFA Regulations"	:	Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
"Shareholders"	:	Persons who are registered as holders of Shares in the Register of Members of the Company, or where CDP is the registered holder, the term "Shareholders" shall, in relation to such Shares, mean Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Substantial Shareholder"	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company
"Trading Date"	:	The date of commencement of trading in our Shares on the SGX-ST
"*UAE*"	:	United Arab Emirates
"UK"	:	United Kingdom
"U.S." or "United States"	:	The United States of America

Currencies, Units and Others

"kN. m"	:	kilo-Newton metre(s)
"m"	:	Metre(s)
"RMB"	:	Renminbi
"sq m"	:	Square metre(s)
"S$" or "$" and "cents"	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
"tonne" or "t"	:	Metric tonne, a unit of weight equivalent to 1,000 kilograms
"US$"	:	U.S. dollar, the lawful currency of the United States
"€"	:	Euro dollar, the lawful currency of the European Union member states of Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia and Spain
"%" or "per cent."	:	Per centum

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term "acting in concert" shall have the meaning ascribed to it in the Singapore Code on Take-overs and Mergers.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Prospectus and the Application Forms to any statute or enactment or the Listing Manual is a reference to that statute or enactment or the Listing Manual as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the SFA Regulations or the Listing Manual or any modification thereof and used in this Prospectus and the Application Forms shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act, the SFA Regulations or the Listing Manual or such modification thereof, as the case may be, unless otherwise stated.

Any reference in this Prospectus and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day or date in this Prospectus and the Application Forms shall be a reference to Singapore time or date, as the case may be, unless otherwise stated.

References in this Prospectus to “we”, “our”, “us”, “ourselves”, or other grammatical variations thereof shall, unless otherwise stated, mean our Company and/or our Group and/or the predecessors of our Group, as the context may require.

Any discrepancies in tables included in this Prospectus between the sum of the figures stated and the totals thereof are due to rounding differences. Accordingly, figures shown as totals in this Prospectus may not be an arithmetic aggregation of the figures which precede them.

All exchange rates referred to in this Prospectus are extracted from Bloomberg L.P..

Certain names with Chinese characters have been translated into English names. Such translations are provided solely for the convenience of investors. The English names may not have been registered with the relevant PRC authorities and should not be construed as representations that the English names actually represent the Chinese characters.

GLOSSARY OF TECHNICAL TERMS

To facilitate better understanding of the business of our Group, the following glossary contains an explanation and description of certain technical terms and abbreviations used in this Prospectus in connection with our Group and our business. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

"cabin"	:	An enclosure used to house the operator of the towercrane
"CE"	:	*Conformite Européenne*, French for European Conformity. The CE Marking indicates that a product conforms to the relevant directives' safety requirements and that the manufacturer has performed all the necessary evaluation procedures. It allows manufacturers to place products on the market and ensure the free movement of goods in the European Union
"counter-jib"	:	A structural arm mounted on the turntable on the opposite side of the jib, laden with weights to keep the whole crane structure in equilibrium
"EC Declaration of Conformity"	:	The EC Declaration of Conformity is (a) procedure in which the manufacturer or his authorised representative established in the European Union declares that the product placed on the market complies with all the relevant health and safety requirements of the relevant European Union directive(s); and (b) a form that is to be supplied with every product and must be drawn up in the user's language. The CE Marking is the external proof of the EC Declaration of Conformity
"fixing angle"	:	A pre-buried component in the foundation used to connect with the mast
"foundation"	:	A reinforced concrete structure constructed on the ground on which a towercrane's large anchor bolts, fixing angles or mast is embedded
"hoisting winch"	:	A stationary motor-driven machine used for hoisting or hauling, which has a drum around which is wound a rope attached to the load being moved
"hook"	:	A device attached at the end of the wire rope used for hoisting loads
"jib"	:	The projecting arm of a crane which is used to lift a load
"luffing winch"	:	A stationary motor-driven machine used for raising or lowering the jib
"mast"	:	A modular column made of steel truss with standard top and bottom coupling details in standard heights, used as the vertical structure of the towercrane
"slewing ring"	:	A large diameter gear complete with bearings, mounted between the top of the mast and the tower head, on which the slewing motors and gear boxes are attached

"slewing unit"	:	An assembly of electric motors and gear boxes mounted against a slewing ring. Its function is to allow the towercrane's jib to rotate 360 degrees
"telescoping cage"	:	A component used to add on or dismantle the mast sections
"tie bar"	:	A solid steel bar used to suspend a jib and tie it to the towerhead
"tie collar"	:	A structural member which acts as a belt installed around the mast to connect the mast, via ties, to the building
"tonne metre" or "t/m"	:	Measurement of the lifting capacity of a crane in tonnes multiplied by the distance in metres; also known as "moment"
"tower head"	:	Also known as "cat head" and/or "mast top". This is the portion of the towercrane which is above the slewing ring
"towercrane accessories"	:	Includes the steel structural parts of a crane, such as the jib section, mast section, tower head, fixing angle, telescopic cage, counterweight, tie bar and tie collar
"towercrane components"	:	Includes machineries such as winches, electric motors and gear boxes, hydraulic pumps and hydraulic motors, fittings and valves, hooks and wire ropes
"UkrSEPRO Certificate"	:	The UkrSEPRO certificate proves conformity of products with standards and technical rules which are prescribed by the Ukraine government. Original or certified copy of the certificate is required for customs clearance at the Ukrainian border as well as for sale and marketing within the country. The UkrSEPRO system is monitored jointly by the State Committee on Technical Regulation and Consumer Policy or Derzhspozhyvstandard and the Federal Customs Service of Ukraine. The certificate is issued by certification bodies accredited by Derzhspozhyvstandard to act on its behalf

The information contained in this summary is derived from, is subject to, and should be read in conjunction with, the full text of this Prospectus. As it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Prospectus carefully, including the matters set out in the section entitled "Risk Factors" in this Prospectus and our financial statements and related notes before deciding whether or not to invest in our Shares. Under no circumstances should any information in this summary be regarded as a representation or warranty by our Company, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation that such information will not change.

OUR BUSINESS

Our Company was incorporated in Singapore on 3 August 2005 under the Companies Act as a private limited company, under the name of Sunfield Investment Pte. Ltd.. Pursuant to the Restructuring Exercise as described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, our Company increased its equity interest in FSYM Construction from 30% to 100%. On ●, our Company was converted into a public limited company and our name was changed to Yongmao Holdings Limited.

We are principally engaged in the design, manufacture and sale of a wide range of towercranes and towercrane components and accessories. Towercranes are used mainly in construction sites to lift building materials and equipment. They have also been used in the shipbuilding industry. In carrying out our business, our Group also offers technical advice and after-sales maintenance services to our customers. We carry out research and development activities to develop new products to extend our product range. 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 towercranes are sold under our own brands "永茂", "YONGMAO" and "SUNCRANE" in the PRC and exported by us and/or our customers to many countries in America such as the United States and Panama, Africa such as Zambia and South Africa, Middle East such as UAE, Saudi Arabia and Bahrain, Europe such as Belgium, UK and Ukraine and Asia such as Hong Kong, Macau, Singapore, Indonesia, Thailand, South Korea and India. In FY2007, sales to overseas customers accounted for approximately 78.0% of our total revenue. Our towercranes are sold mainly to construction equipment distributors and equipment rental companies in the overseas markets and to construction companies and equipment rental companies in the PRC. Our major customers overseas include House of Equipment L.L.C, Lewis Equipment Company, Jin Long B.V.B.A. and AST Equipment (HK) Co. Ltd. In the PRC, our customers include Beijian, Shanghai Jiangong Group (上海建工集团), Jiangsu Zhonghe Huaxing Construction Machinery Co., Ltd (江苏中核华兴建筑机械施工有限公司) and Zhongcai Jianshe Co., Ltd (中材建设有限公司).

Our towercranes have been used in many prominent projects in the PRC such as in the construction of the China National Opera House in Beijing, the Qinshan Nuclear Power Station, the new terminal for Beijing International Airport (to be opened in preparation for the 2008 Olympic Games), 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. Our towercranes have also been used in significant projects overseas such as in the construction of the Imperial Wharf and 22 Marsh Wall (The Landmark) in London, UK, the City of Dreams casino in Macau and AZ - St. Jan General Hospital in Brugge, Belgium.

Our principal operations are currently located in Fushun City, Liaoning Province, occupying a total land area of approximately 160,000 sq m. As at the Latest Practicable Date, our production capacity is estimated to be approximately 200 units of towercranes per annum.

For more information, please refer to the section entitled "General Information on Our Group – Business" in this Prospectus.

COMPETITIVE STRENGTHS

We believe that we have, *inter alia*, the following competitive strengths:

- our wide range of towercranes and comprehensive range of technical advice and after-sales maintenance services;
- our strong in-house research and development team, which enhances our ability to compete effectively in our industry. Since commencement of manufacturing, our team has successfully developed approximately 50 models and sub-models of towercranes;
- our strong brand recognition and established track record. Our "永茂" and "YONGMAO" brand is widely recognised among our customers in the PRC and overseas. Our towercranes have been used in prominent projects overseas and in the PRC;
- our stringent quality control and assurance standards, which we implement with a view to ensuring that we produce high quality and consistently reliable products to meet the required standards and specifications;
- significant barriers to entry in respect of new competitors for the towercrane manufacturing industry; and
- our experienced and capable management team.

For more information, please refer to the section entitled "General Information on Our Group – Competitive Strengths" in this Prospectus.

FUTURE PLANS

Our aim is to further develop our base in the PRC domestic market, expand our share in the international market and to establish ourselves as a leading towercrane manufacturer. Our future plans for the continued growth of our business are as follows:

Increase Our Production Capacity

With increasing demand for towercranes in both the PRC and overseas markets, we intend to expand our production capacity of towercranes to meet this demand. We have commenced construction works to build a new manufacturing facility with a built-up area of approximately 100,000 sq m on an approximately 240,000 sq m site located at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC. Construction is expected to be completed by about the end of 2008. This new facility, if fully equipped, is expected to approximately double our current production capacity for towercranes. Our proposed manufacture of crawler cranes is intended to be carried out at this new facility.

Explore Strategic Investments or Acquisition Opportunities

In addition to growing organically, we intend to expand our capabilities and business through acquisitions, joint ventures or strategic alliances with companies that could create synergies with our existing business. Such companies may include manufacturers of other types of cranes or construction equipment parts and assembly.

Expand Our Product Range and Customer Base

We place strong emphasis on product development to improve the performance of our products and also seek to expand our product range. We will continue to focus on the development of new products, improving upon our existing products and enhancement of existing crane technologies in the market through research and development efforts.

We have purchased equipment machinery and crawler crane design and manufacturing drawings for RMB3.0 million and currently intend to commence production of crawler cranes in our new manufacturing facility by about the end of 2008.

In addition, we seek to increase our customer base in both existing and new markets.

Our Group intends to explore restructuring our business operations such that export sales may be handled by our Company or another non-PRC subsidiary with a view to catering to our customers' needs and preferences.

For more information, please refer to the section entitled "General Information on Our Group – Future Plans" in this Prospectus.

OUR FINANCIAL PERFORMANCE

The following tables represent a summary of the financial highlights of our Group and should be read in conjunction with the full text of this Prospectus, including the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007, Report from the Auditors in relation to the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period from 1 April 2007 to 30 June 2007 and the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 as set out in Appendices A, B and C to this Prospectus, respectively and the sections entitled "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Prospectus.

Selected items from the Operating Results of Our Group

	FP2006		FY2007		FY2007Q1		FY2008Q1	
	(RMB'000) (Audited)	(S$'000)	(RMB'000) (Audited)	(S$'000)	(RMB'000) (Unaudited)	(S$'000)	(RMB'000) (Unaudited)	(S$'000)
Revenue	–	–	278,256	55,102	22,245	4,412	158,332	31,447
Gross (loss) / profit	(9)	(2)	105,660	20,923	6,971	1,383	55,072	10,938
(Loss) / Profit before taxation	(987)	(203)	59,224	11,728	239	48	38,603	7,667
Net (loss) / profit	(987)	(203)	59,224	11,728	239	48	38,603	7,667

Selected items from the Financial Position of Our Group

	As at 31 March 2007		As at 30 June 2007	
	(RMB'000) (Audited)	(S$'000)	(RMB'000) (Unaudited)	(S$'000)
Non-current assets	47,273	9,282	47,171	9,482
Current assets	225,821	44,339	302,949	60,894
Current liabilities	131,307	25,782	169,437	34,058
Shareholders' equity	141,787	27,839	180,683	36,318
Total equity and liabilities	273,094	53,621	350,120	70,376

KEY RISK FACTORS

An investment in our Shares involves a number of risks. The following is a summary of certain key risk factors that may affect our business and an investment in our Shares:

- we are susceptible to the cyclical fluctuations of the construction industry and an increase in the supply of used cranes;
- we are susceptible to fluctuations in the prices of raw materials and crane components;

- we and/or our distributors may not be able to obtain the necessary certifications for the sale and/or use of our cranes in various jurisdictions;
- we are subject to volatility in freight costs and disruptions in transportation;
- we may not be able to obtain or renew the necessary operating licences and approvals;
- we are dependent on our management team;
- we are partially dependent on Beijian for the manufacture of our towercranes; and
- we are dependent on our major customers.

For more information, please refer to the section entitled "Risk Factors" in this Prospectus.

USE OF PROCEEDS

The estimated net proceeds from the issue of the New Shares (after deducting estimated expenses in relation to the Invitation) is approximately S$● million. Our Group intends to use such net proceeds as follows:

(i) approximately S$21.7 million (equivalent to approximately RMB110.0 million), representing approximately ●% of the net proceeds of the Invitation, for the construction of a new manufacturing facility;

(ii) approximately S$9.9 million (equivalent to approximately RMB50.0 million), representing approximately ●% of the net proceeds of the Invitation, for the acquisition of plant and machinery; and

(iii) the balance of approximately S$● million (equivalent to approximately RMB● million), representing approximately ●% of the net proceeds of the Invitation, for our Group's working capital.

For more information, please refer to the section entitled "Use of Proceeds and Expenses of the Invitation" in this Prospectus.

WHERE YOU CAN FIND US

Our registered office is at 18 Sungei Kadut Avenue, Singapore 729489 and our business address is at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province, PRC, 113126. Our telephone number is 86 413 7648899 and our facsimile number is 86 413 7649999. Our Internet address is http://www.yongmao.com.cn. Information contained in our website does not constitute part of this Prospectus.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for or acquire our Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of our Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of our Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company, our Directors, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation.

Selling Restrictions in Hong Kong

This Prospectus does not constitute an offer or invitation or a solicitation of an offer or invitation to the public in Hong Kong to subscribe for or acquire the New Shares.

This Prospectus has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, except as mentioned below, this Prospectus may not be issued, circulated or distributed in Hong Kong.

A copy of this Prospectus may, however, be issued by the Placement Agent or its designated sub-placement agents to a limited number of professional investors (within the meaning of Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**Securities and Futures Ordinance**")) for the Placement Shares in Hong Kong in a manner which does not constitute an offer of the Placement Shares to the public in Hong Kong or an issue, circulation or distribution in Hong Kong of a prospectus for the purposes of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Companies Ordinance**"). The offer of the Placement Shares is personal to the person named in the accompanying Application Form, and application for the Placement Shares will only be accepted from such person. An application for the Placement Shares is not invited from any persons in Hong Kong other than a person to whom a copy of this Prospectus has been issued by the Placement Agent or its designated sub-placement agents, and if made, will not be accepted, unless the applicant satisfies the Placement Agent or its designated sub-placement agents that he is a professional investor within the meaning of Schedule 1 of the Securities and Futures Ordinance or otherwise falls within the exemptions in the Securities and Futures Ordinance.

No person to whom a copy of this Prospectus is issued may issue, circulate or distribute this Prospectus in Hong Kong or make or give a copy of this Prospectus to any other person, other than their legal, financial, tax or other appropriate advisers who are subject to a duty of confidentiality to such person.

The Placement Agent has agreed with our Company that it (and each of its designated sub-placement agents, if any) has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any of the Shares other than as permitted under the Securities and Futures Ordinance, or in circumstances which do not constitute an offer of the Placement Shares to the public within the meaning of the Companies Ordinance.

This Prospectus may not be issued in Hong Kong to any person other than to a professional investor within the meaning of Schedule 1 of the Securities and Futures Ordinance or otherwise pursuant to and in accordance with the conditions of any other applicable exemptions as set out in the Securities and Futures Ordinance.

Selling Restrictions in the PRC

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for or acquire the New Shares or any other securities of our Company in the PRC. Under the laws of the PRC, such offer, solicitation or invitation to PRC citizens is unlawful. The distribution of this Prospectus and the offering of the New Shares in the PRC are not permitted under the laws of the PRC.

Selling Restrictions in the United States

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for or acquire the New Shares or any other securities of our Company in the United States. Our Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States, or to or for the account of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

CIMB-GK has agreed that it will not offer, sell or deliver the Shares (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Invitation and the closing date thereof within the United States or to, or for the account or benefit of, U.S. persons, and CIMB-GK will have sent to each dealer to which it sells the Shares during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Shares, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph shall have the meanings given to them by Regulation S.

The Shares are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

TRANSFER RESTRICTIONS

Owing to the following restrictions, investors are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of Shares offered and sold in reliance on Regulation S under the Securities Act.

The New Shares have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except to persons in offshore transactions in reliance on Regulation S.

CIMB-GK has agreed that it will not offer, sell or deliver the Shares (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Invitation and the closing date thereof within the United States or to, or for the account or benefit of, U.S. persons, and CIMB-GK will have sent to each dealer to which it sells the Shares during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Shares, within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the later of the commencement of the Invitation and the closing date thereof, an offer or sale of Shares within the US by a dealer (whether or not participating in the Invitation or the Placement) may violate the registration requirements of the Securities Act.

Each subscriber of our Shares in the Invitation and the Placement outside the United States pursuant to Regulation S and each subsequent purchaser of those Shares in resales prior to the expiration of the distribution compliance period (being the period 40 days after the later of the commencement of the Invitation and the closing date thereof), by accepting delivery of this Prospectus and those Shares, will be deemed to have represented, agreed and acknowledged that:

(a) It is acquiring the Shares outside the United States;

(b) It is, or at the time the Shares in the Invitation and the Placement are purchased pursuant to Regulation S will be, the beneficial owner of such Shares and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of ours or a person on behalf of such an affiliate;

(c) It understands that the Shares in the Invitation are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (being the period 40 days after the later of the commencement of the Invitation and the closing date thereof), it will not offer, sell, pledge or otherwise transfer such Shares except (i) outside the United States in an offshore transaction in accordance with Rule 903 or 904 of Regulation S, in each case, in accordance with any applicable securities laws of any State of the United States; and

(d) It agrees that it will give to each person whom it transfers the Shares notice of any restrictions on transfer of such Shares pursuant to Regulation S.

Each subscriber or purchaser acknowledges that our Company, our Directors, the Manager, the Underwriter, the Placement Agent and their affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the Shares are no longer accurate, it will promptly notify us and the Underwriter and Placement Agent.

Any sale, pledge or other transfer, or attempted sale, pledge or other transfer, made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

DETAILS OF THE INVITATION

LISTING ON THE SGX-ST

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our issued Shares and the New Shares on the Official List of the SGX-ST. Such permission will be granted when our Company is admitted to the Official List of the SGX-ST. The Invitation and the acceptance of applications for the New Shares are conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of all our issued Shares and the New Shares. If completion of the Invitation does not take place because the said permission is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you by ordinary post at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim whatsoever against our Company, our Directors, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiary, our Shares or the New Shares.

Our Shares have not been and will not be registered under the Securities Act and subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" as defined in Regulation S.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares or the New Shares being offered for investment.

Under the Securities and Futures Act, the Authority may, in certain circumstances, issue a stop order (the "**stop order**") to the person making the offer, directing that no or no further Shares to which this Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement which, in the opinion of the Authority, is false or misleading, (ii) omits any information that is required to be included pursuant to Section 243 of the Securities and Futures Act, (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act, or (iv) should not be registered because it is, in the opinion of the Authority, not in the public interest to do so.

Where the Authority issues a stop order pursuant to Section 242 of the Securities and Futures Act and applications to subscribe for the New Shares have been made prior to the stop order, then:

(a) in the case where the New Shares have not been issued to all the applicants, the applications shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the stop order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk; or

(b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares shall be deemed to be void and our Company shall, within 14 days from the date of the stop order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk.

In each of the above instances where monies are refunded to applicants pursuant to the issue of a stop order, the applicant shall not have any claim against our Company, our Directors, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation.

Neither the delivery of this Prospectus and the Application Forms nor any document relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained or referred to in this Prospectus since the Latest Practicable Date or the date of this Prospectus, as the case may be. Where such changes occur and are material or are required to be disclosed by law or the SGX-ST, our Company will make an announcement of the same to the SGX-ST and, if required, our Company shall issue and lodge an amendment to this Prospectus or a supplementary prospectus or replacement prospectus pursuant to Section 240, or as the case may be, Section 241 of the Securities and Futures Act, and take steps to comply with the said Sections. Investors should take note of any such announcement and/or documents and, upon release of such announcement and documents, shall be deemed to have notice of such changes. Nothing herein is, or may be relied upon as, a promise, representation, warranty or covenant as to our future performance or policies.

None of our Company, our Directors, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal, tax or other advice regarding an investment in our Shares. Each prospective investor should be aware that it may be required to bear the financial risk of an investment in our Shares for an indefinite period of time. Each prospective investor should consult its own professional or other advisers for business, legal, tax or other advice regarding an investment in our Shares.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons, other than the applicants in connection with their application for the New Shares, or for any other purpose.

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unauthorised or unlawful nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation. Without limiting the generality of the foregoing, neither this Prospectus nor a copy thereof may be taken or transmitted into the United States or distributed in the United States or to any U.S. person (within the meaning of Regulation S under the Securities Act). Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours from:

CIMB-GK Securities Pte. Ltd.
CIMB-GK Investment Centre
50 Raffles Place #01-01
Singapore Land Tower
Singapore 048623

A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com and the Authority's OPERA website at http://masnet.mas.gov.sg/opera/sdrprosp.nsf.

Details of the procedures for applications for the New Shares are set out in Appendix J to this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out below for your reference:

Indicative Date and Time	Event
● 2008, 12.00 noon	Close of Application List
● 2008	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
● 2008, 9.00 a.m.	Commence trading on a "ready" basis
● 2008	Settlement date for all trades done on a "ready" basis on ● 2008

The Application List will open on the registration of this Prospectus and will remain open until 12.00 noon on ● or for such further period or periods as our Directors may (in consultation with the Manager) in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary prospectus or replacement prospectus is lodged with the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement prospectus (as the case may be).

In the event that a supplementary or replacement prospectus is lodged and prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the New Shares then:

(a) where the New Shares have not been issued to the applicants, our Company shall:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period, the supplementary or replacement prospectus, as the case may be, to the applicants who have indicated that they wish to obtain, or who have arranged to receive, a copy of the supplementary prospectus or replacement prospectus;

(ii) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

(iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and within seven days from the date of lodgement of the supplementary or replacement prospectus, pay to the applicants all monies they have paid in respect of their applications, without interest or any share of revenue or benefit arising therefrom; or

(b) where the New Shares have been issued to the applicants, our Company shall either:

(i) within two days from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company, the New Shares which they do not wish to retain title in and take all reasonable steps to make available within a reasonable period, the supplementary or replacement prospectus, as the case may be, to the applicants who have indicated that they wish to obtain, or who have arranged to receive, a copy of the supplementary prospectus or replacement prospectus;

(ii) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company the New Shares which they do not wish to retain title in; or

(iii) treat the issue of the New Shares as void, in which case the issue shall be deemed void and our Company shall within seven days from the date of lodgement of the supplementary or replacement prospectus, pay to the applicants all monies paid by them for the New Shares, without interest or any share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (a)(ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those New Shares, without interest or any share of revenue or benefit arising therefrom, at the applicant's risk.

An applicant who wishes to exercise his option under paragraph (b)(ii) above to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those New Shares, to our Company, whereupon our Company shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Shares, without interest or any share of revenue or benefit arising therefrom, at the applicant's risk and the issue of those New Shares shall be deemed to be void.

The above timetable is only indicative as it assumes that the date of closing of the Application List is ● 2008, the date of admission of our Company to the Official List of the SGX-ST is ● 2008, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to ● 2008.

The above timetable and procedures may be subject to such modifications as the SGX-ST may in its discretion decide, including the decision to permit trading on a "ready" basis and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

(i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

(ii) in a local English language newspaper such as The Straits Times or The Business Times.

Investors should consult the SGX-ST announcement on the "ready" listing date on the Internet (at the SGX-ST website http://www.sgx.com) or newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

We will publicly announce the level of subscription for the New Shares and the basis of allotment and/or allocation of the New Shares, as soon as it is practicable after the closure of the Application List through the channels in (i) and (ii) above.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements, including in press releases and oral statements, that are made or may be made by us, our Directors, our officers or employees acting on our behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will", "would" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, performance, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including (but not limited to) statements as to our revenue and profitability, cost measures, expected industry trends, prospects, future plans, planned strategy and other matters discussed in this Prospectus regarding matters that are not historical facts, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expected in, or expressed or implied by, such forward-looking statements. Some of these risk factors are discussed in more detail under the section entitled "Risk Factors" in this Prospectus, and include other factors beyond our control or expectation. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections entitled "General Information on Our Group", "Management's Discussion and Analysis of Financial Position and Results of Operations" in this Prospectus and other matters not yet known to our Company or not currently considered material by us.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected in, or expressed or implied by, the forward-looking statements or financial information set out in this Prospectus, undue reliance must not be placed on them. Neither our Company, the Manager, the Underwriter, the Placement Agent nor any other party involved in the Invitation represents or warrants that our Company's or Group's actual future results, performance or achievements will be as discussed in those statements or financial information. Our actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements as a result of, *inter alia*, the risks faced by us.

Further, our Company, the Manager, the Underwriter, the Placement Agent and all other parties involved in the Invitation disclaim any responsibility to update any of those forward-looking statements or information or publicly announce any revisions to them to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. However, our Company is, or will be, as the case may be, subject to the relevant provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, an amendment to this Prospectus may be lodged with the Authority pursuant to Section 240 of the Securities and Futures Act. A supplementary or replacement prospectus may also be lodged pursuant to Section 241 of the Securities and Futures Act, if after this Prospectus is registered but before the close of the Invitation, we become aware of (a) a false or misleading statement or matter in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before this Prospectus was lodged, and (in each case) that is materially adverse from the point of view of an investor.

EXCHANGE RATES

The table below sets out the highest and lowest exchange rates for RMB/S$ for each of the six calendar months prior to the Latest Practicable Date. The table indicates how many RMB it would take to buy one S$.

	RMB/S$	
	Highest	**Lowest**
June 2007	4.999	4.948
July 2007	5.021	4.985
August 2007	5.014	4.947
September 2007	5.054	4.938
October 2007	5.163	5.063
November 2007	5.168	5.095

The following table sets forth, for each of the financial year or periods indicated, the average and closing exchange rates for RMB/S$. The average exchange rates were calculated by using the average of the exchange rates on each working day during each financial year or period. Where applicable, the exchange rates in this table are used for the translation of our Group's financial statements disclosed elsewhere in this Prospectus.

	RMB/S$	
	Average	**Closing**
FP2006	4.862	4.960
FY2007	5.050	5.093
FY2007Q1	5.042	5.051
FY2008Q1	5.035	4.975

The above exchange rates have been calculated with reference to exchange rates quoted from Bloomberg L.P. and should not be construed as representations that the RMB amounts actually represent such S$ amounts or could be converted into S$ at the rate indicated or at any other rate and *vice versa*[(1)].

As at the Latest Practicable Date, the closing exchange rate for RMB/S$ was RMB5.069:S$1.00.

Please refer to the section entitled "Exchange Controls" in this Prospectus for a description of certain PRC exchange controls.

Note:

(1) Bloomberg L.P. has not consented to the inclusion of the exchange rates quoted under this section for the purposes of Section 249 of the Securities and Futures Act and is thereby not liable for these exchange rates under Sections 253 and 254 of the Securities and Futures Act. Our Directors have included the above exchange rates in their proper form and context in this Prospectus and have not verified the accuracy of these exchange rates.

THE INVITATION

Issue Size	:	● New Shares. The New Shares, upon allotment and issue, will rank *pari passu* in all respects with the then existing issued Shares.
Issue Price	:	S$● for each New Share.
The Offer	:	The Offer comprises an invitation by our Company to the public in Singapore to subscribe for the ● Offer Shares at the Issue Price, on the terms and subject to the conditions of this Prospectus.
The Placement	:	The Placement comprises a placement of ● Placement Shares at the Issue Price, on the terms and subject to the conditions of this Prospectus.
Purpose of the Invitation	:	Our Directors believe that the listing of our Company and the quotation of our Shares on the SGX-ST will enhance the public image of our Group locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public with an opportunity to participate in the equity of our Company. Our Directors also believe that the listing of our Company will lead to increased customer confidence in our Group.
Listing Status	:	There has been no public market for our Shares prior to the Invitation. Our Shares will be quoted on the Main Board of the SGX-ST in Singapore dollars, subject to, *inter alia*, admission of our Company to the Official List of the SGX-ST and permission for dealing in and for quotation of our Shares being granted by the SGX-ST.

USE OF PROCEEDS AND EXPENSES OF THE INVITATION

USE OF PROCEEDS

The estimated net proceeds from the issue of the New Shares (after deducting estimated expenses in relation to the Invitation) is approximately S$● million. Our Group intends to use such net proceeds as follows:

(i) approximately S$21.7 million (equivalent to approximately RMB110.0 million), representing approximately ●% of the net proceeds of the Invitation, for the construction of a new manufacturing facility;

(ii) approximately S$9.9 million (equivalent to approximately RMB50.0 million), representing approximately ●% of the net proceeds of the Invitation, for the acquisition of plant and machinery; and

(iii) the balance of approximately S$● million (equivalent to approximately RMB● million), representing approximately ●% of the net proceeds of the Invitation, for our Group's working capital.

Information on the proposed new manufacturing facility is provided in the section entitled "General Information on Our Group – Future Plans" in this Prospectus.

Pending the deployment of the net proceeds from the issue of the New Shares as aforesaid, we may use the funds as working capital or invest in short-term money market instruments as our Board may, in its absolute discretion, deem fit.

EXPENSES OF THE INVITATION

The estimated amount of expenses of the Invitation and of the application for listing, including underwriting and placement commission, brokerage, management, audit and legal fees, advertising and printing expenses, fees payable to the SGX-ST and the Authority and all other incidental expenses in relation to the Invitation is approximately S$● million. Such expenses will be borne by us and deducted from the gross proceeds from the issue of the New Shares. The following table sets out the breakdown of the use of proceeds and the estimated expenses:

Use of proceeds	**S$'000**	**As a percentage of gross proceeds of the Invitation (%)**
Construction of a new manufacturing facility	21,700	●
Acquisition of plant and equipment	9,900	●
Working capital	●	●
Expenses		
Professional fees	1,600	●
Underwriting commission, placement commission and brokerage	●	●
Miscellaneous expenses (including listing fees)	728	●

In the event that the estimated expenses listed above are in excess of the actual expenses incurred in connection with the Invitation, such excess will be applied towards our working capital purposes.

MANAGEMENT AND UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to a management and underwriting agreement dated ● entered into between our Company and CIMB-GK as the Manager and the Underwriter (the "**Management and Underwriting Agreement**"), our Company has appointed CIMB-GK to manage the Invitation and underwrite the Offer Shares. CIMB-GK will receive a management fee from our Company for its services rendered in connection with the Invitation.

Subject to the terms and conditions of the Management and Underwriting Agreement, CIMB-GK has agreed to underwrite the Offer Shares for a commission of ●% of the Issue Price for each Offer Share agreed to be underwritten, payable by our Company.

Subject to the terms and conditions of a placement agreement dated ● entered into between our Company and CIMB-GK as the Placement Agent (the "**Placement Agreement**"), CIMB-GK has agreed to subscribe or procure subscriptions for the Placement Shares for a placement commission of ●% of the Issue Price for each Placement Share, to be paid by our Company.

Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the rate of 0.25% of the Issue Price for each Offer Share. In addition, DBS Bank levies a minimum brokerage fee of S$5,000. Successful applicants for the Placement Shares may be required to pay a brokerage of up to 1.0% of the Issue Price for each Placement Share to the Placement Agent.

The Management and Underwriting Agreement may, subject to the terms and conditions thereof, be terminated by CIMB-GK at any time on or before the Trading Date on the occurrence of certain events including:

(a) any breach in any material respect of the representations, warranties or undertakings in the Management and Underwriting Agreement and the non-fulfilment of certain conditions precedent including our Company not complying with the conditions of the SGX-ST in its grant of eligibility to list our Shares; or

(b) the occurrence of certain specified events which comes to the knowledge of CIMB-GK; or

(c) there shall have been since the date of the agreement, *inter alia*:

    (i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of our Company or our Group taken as a whole; or

    (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or

    (iii) any change, or any development involving a prospective change, in local, national or international, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise); or

    (iv) any imminent threat or occurrence or any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict or terrorist attacks (whether or not involving financial markets); or

(v) the outbreak of any infectious disease including any recurrence of severe respiration syndrome or avian influenza; or

(vi) any other occurrence of any nature whatsoever,

which event or events in the reasonable opinion of CIMB-GK, *inter alia*, (aa) result or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or (bb) prejudice or is likely to prejudice materially the success of the Invitation; or (cc) is such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or (dd) have or is likely to have a material adverse effect on the business, trading position or operations or prospects of our Company or Group taken as a whole; (ee) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated by the Management and Underwriting Agreement; or (ff) result or is likely to result in the issue of a stop order by the Authority pursuant to the Securities And Futures Act; or (gg) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for CIMB-GK to observe or perform the terms of the Management and Underwriting Agreement.

In addition, CIMB-GK may terminate the Management and Underwriting Agreement, subject to the terms and conditions thereof, if:

(a) at any time up to the Trading Date, a stop order shall have been issued by the Authority in accordance with Section 242 of the Securities and Futures Act; or

(b) at any time after the registration of this Prospectus by the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement prospectus (as the case may be) if CIMB-GK becomes aware of:

(i) a false or misleading statement in this Prospectus;

(ii) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or

(iii) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor; or

(c) our Shares have not been admitted to the Official List of the SGX-ST on or before ● (or such other date as our Company and CIMB-GK may agree).

The Management and Underwriting Agreement further provides that without limiting the generality of the foregoing, if it comes to the notice of CIMB-GK that (a) any statement contained in this Prospectus which in the reasonable opinion of CIMB-GK has become untrue, incorrect or misleading in any material respect or (b) circumstances or matters have arisen or have been discovered, which would, if this Prospectus was to be issued at that time, constitute in the reasonable opinion of CIMB-GK, a material omission of material information, and our Company fails to lodge a supplementary or replacement prospectus or document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as CIMB-GK may reasonably require to inform investors of the lodgement of such supplementary or replacement prospectus or document, **CIMB-GK reserves the right at its absolute discretion to cancel the Invitation** and in such event any application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the New Shares by ordinary post, telegraphic transfer or such other means as CIMB-GK may deem appropriate at the applicant's own risk within 14 days of the termination of the Invitation.

The Placement Agreement is conditional upon, *inter alia*, the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement and may, subject to the terms and conditions thereof, be terminated on the occurrence of certain events, including those specified above.

Where Shares have been issued in connection with the Invitation, CIMB-GK's right to terminate is subject to our Company being able to carry out a capital reduction and/or the purchase at the Issue Price of Shares issued under the Invitation, in accordance with applicable laws, regulations and the requirements of any competent authority including the SGX-ST and the Authority.

Notwithstanding anything in this Prospectus including Application Forms and/or Electronic Applications, in the event the Management and Underwriting Agreement and/or the Placement Agreement is terminated for any reason, **our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation (including to return applications and/or to cancel and/or purchase Shares, whether Offer Shares or Placement Shares)**. All applicants and Shareholders agree and acknowledge that the Company may have to carry out a capital reduction and/or the purchase of Shares issued under the Invitation, in accordance with applicable laws, regulations and the requirements of any competent authority including the SGX-ST and the Authority.

Our Company has also agreed that it shall not, *inter alia*, issue at any time on or before the expiry of 180 days after the Trading Date, any marketable securities or Shares or options therefor, declare or distribute any dividend or vary or alter its capital, without CIMB-GK's prior written consent (such consent not to be unreasonably withheld). Our Company has also, *inter alia*, agreed to indemnify CIMB-GK against certain liabilities in connection with the Invitation and to certain limitations on liability in respect of claims that may be made against CIMB-GK in connection with the performance of its obligations under certain circumstances, on and subject to the terms and conditions of the Management and Underwriting and the Placement Agreements.

PLAN OF DISTRIBUTION

The Issue Price was arrived at after consultation between our Company and CIMB-GK and after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the New Shares (determined through a book-building process). The Issue Price is the same for all New Shares and is payable in full on application.

The Shares are being offered outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act. The Shares are also being offered concurrently in certain other jurisdictions outside Singapore.

Offer Shares

The Offer Shares are being made available to the public in Singapore for subscription at the Issue Price. The terms and conditions and procedures for application and acceptance are described in Appendix J to this Prospectus.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, the number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed for as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors in consultation with CIMB-GK and approved by the SGX-ST.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, after consultation with CIMB-GK, and approved by the SGX-ST.

Our Company has appointed CIMB-GK and CIMB-GK has agreed to manage the Invitation and underwrite the Offer Shares, subject to the terms and conditions of the Management and Underwriting Agreement. CIMB-GK shall be at liberty to appoint one or more sub-underwriters for the Offer Shares.

Placement Shares

Application for the Placement Shares may only be made by way of Application Forms. The terms and conditions and procedures for application and acceptance are described in Appendix J to this Prospectus.

CIMB-GK has agreed to subscribe for and/or procure subscribers for the Placement Shares at the Issue Price, subject to the terms and conditions of the Placement Agreement. CIMB-GK shall be at liberty to appoint one or more sub-placement agents for the Placement Shares.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscription for New Shares

None of our Directors or Substantial Shareholders intends to subscribe for Shares under the Invitation.

We are not aware of any person who intends to subscribe for more than 5.0% of the New Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate interest to subscribe for more than 5.0% of the New Shares. If such person(s) were to make an application for more than 5.0% of the New Shares pursuant to the Invitation and subsequently allocated or allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allocation of Shares will be in accordance with the shareholding spread and distribution guidelines set out in Rule 210 of the Listing Manual.

No Shares shall be allocated or allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX-ST, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated under our Articles as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Account(s) with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$20.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05 per cent of the transaction value subject to a maximum of $200 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax of 7.0 per cent.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

RISK FACTORS

An investment in our Shares involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risks, could be substantial and are inherent in our business.

Prospective investors should evaluate carefully each of the following considerations and all of the other information set forth in this Prospectus (including the financial statements and the notes thereto) before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, political and regulatory conditions, the securities markets and ownership of our Shares, including possible future dilution in the value of our Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. Factors that affect the price of our Shares may change, and the following should not be construed as a comprehensive listing of all the risk factors. Prospective investors are advised to apprise themselves of all factors involving the risks of investing in our Shares from their professional advisers before any decision to invest in our Shares.

*If any of the following considerations, risks and uncertainties develops into actual events, our financial position, results, business operations, prospects (collectively, referred to as "**Business**" in this section) and any investment in our Shares could be, directly or indirectly, materially and adversely affected. In the event that this occurs, the trading price of our Shares could fluctuate or decline due to any of these considerations, risks and uncertainties and you may lose all or part of your investment in our Shares.*

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Prospectus including in the section entitled "Management's Discussion and Analysis of Results of Operation and Financial Condition".

RISKS RELATING TO OUR BUSINESS

We are susceptible to the cyclical fluctuations of the construction industry and an increase in the supply of used cranes

Our cranes are used in the construction of various infrastructure projects. The demand and market for cranes that we manufacture is accordingly dependent on the growth of the construction industry. Currently, our Group focuses on the manufacture of towercranes. We may diversify into the manufacture of other cranes such as crawler cranes. The construction industry is cyclical in nature and is affected by a number of factors, such as economic conditions and government policies. Any significant downturn in the construction industry, including any delay or cancellation of construction and infrastructure projects, in the countries where we export and/or sell our cranes will have a material adverse impact on our Business. There is no assurance that adverse developments in the construction industries in the countries where we sell our cranes will not materially and adversely affect our Business and any investment in our Shares. In particular, any measures to be taken by the relevant authorities in the PRC to slowdown the growth of the PRC economy may have an adverse impact on the construction industry. The selling prices of cranes may also decrease owing to a downturn in the construction industry.

Further, any increase in the supply of, or in the demand for, used cranes in the construction industry may have an adverse impact on our Business. If the demand for our cranes cannot be sustained or decreases significantly, in the future or if there is a more suitable alternative to substitute the use of cranes, our Business any any investment in our Shares will be adversely affected.

We are susceptible to fluctuations in the prices of raw materials and crane components

The major components of our cost of sales include raw materials such as steel materials and crane components. The total costs of raw materials and crane components, as a percentage of our total cost of sales for FY2007 was approximately 92.4%. In particular, cost of steel materials accounted for approximately 42.2% of our total cost of sales in FY2007.

We place orders with our suppliers for raw materials and other components, from time to time. However, there can be no assurance that our suppliers will accept orders placed by us or that they will be able to meet such orders. In the event that our suppliers are unable to provide sufficient raw materials and crane components, we may not be able to seek alternative sources of supply in a timely manner, or we may be subject to higher costs from alternative suppliers. Shortages in the supply of the raw materials and crane components we use in the production of our towercranes may result in an increase in the cost at which we purchase these raw materials and crane components.

In addition, the cost of certain raw materials, such as steel materials, may fluctuate in line with changes in their global supply and demand. If there is a significant increase in the cost of such raw materials and crane components and we are unable to pass on all or part of such increase to our customers on a timely basis or find a cheaper source of supply, our margins may be adversely affected. In the event that we are unable to secure adequate supplies of raw materials and crane components at comparable or competitive prices and on a timely basis for our production or there is any delay or disruption in delivery schedules, our Business and any investment in our Shares may be adversely affected.

We and/or our distributors may not be able to obtain the necessary certifications for the sale and/or use of our cranes in various jurisdictions

In FY2007, overseas sales of our products accounted for approximately 78.0% of our revenue. Different countries have enacted laws to govern the use of cranes and to ensure adherence to safety. Owing to the absence of a global standard, crane manufacturers and/or distributors have to obtain various certifications to meet the requirements of different countries. We and/or our distributors are required to obtain the necessary certifications from the relevant authorities of countries such as the United States, Europe, South Korea, Singapore, Malaysia, Israel and Ukraine for the sale and/or use of each model of our cranes. Various performance and safety standards and specifications have to be met before such certification will be issued. We have obtained various certifications as set out in the section entitled "General Information on Our Group – Licences, Permits and Approvals" in this Prospectus. The certifications are generally issued subject to conditions stipulated in the certifications and/or the relevant laws or regulations under which such certifications are issued.

There is no assurance that our cranes will meet all the requirements set by the authorities. In the event that we fail to retain our certifications, or we fail to obtain any new certification for the different models of our products, our cranes may not be sold or used in such countries and this may have a material and adverse impact on our Business and any investment in our Shares.

We are subject to volatility in freight costs and disruptions in transportation

In FY2007, overseas sales of our products accounted for approximately 78.0% of our revenue. We export towercranes overseas by sea freight. Accordingly, disruption of these services arising from, *inter alia*, poor weather, labour unrest or other events could, *inter alia*, impair our ability to supply our products to customers or result in incurring demurrage claims by ship owners for loading and unloading delays.

Freight and transportation expenses accounted for approximately 12.5% of our total cost of sales and operating expenses in FY2007. Any significant increase in freight and transportation related costs could increase our cost of distribution, which may in turn have a material adverse effect on our Business and any investment in our Shares.

We may not be able to obtain or renew the necessary operating licences and approvals

Our Group holds various licences and permits, issued by the PRC Government authorities or departments, that enable us to conduct our operations and business in the PRC. The licences and permits are generally subject to conditions stipulated in the licences and permits and/or the relevant laws or regulations under which such licences and permits are issued, and may be subject to annual examination and/or random inspections by the relevant authorities to ensure that we are in compliance with the required regulations. Any breach or non-compliance of these PRC laws and regulations may result in, *inter alia*, the relevant authorities terminating, withdrawing or suspending our licences or manufacturing activities or imposing penalties on us.

Further, the requirements set by the authorities are subject to change and new requirements may be imposed from time to time. There is no assurance that our Group is in a position to meet all the requirements set by the authorities at all times.

Any suspension, withdrawal or revocation of our Group's licences, or any failure or delay in renewing such licences and permits upon their expiration or to obtain new licences or permits that may be required, may mean that we must cease production of some or all of our products. This may have an adverse impact on our Business and any investment in our Shares.

Please refer to the sections entitled "General Information on Our Group – Government Regulations" and "General Information on Our Group – Licences, Permits and Approvals" in this Prospectus for further information.

We are dependent on our management team

The success of our business is dependent on the continued services and efforts of our management team comprising our Executive Directors and Executive Officers. In particular, our Executive Chairman, Mr Sun Zhao Lin, who has more than ten years' experience in the crane manufacturing industry, has been instrumental in formulating our business strategies and spearheading the growth of our business operations and our Chief Executive Officer, Ms Tian Ruo Nan, who has more than ten years' experience in the crane manufacturing industry is responsible for managing and overseeing the operations of our Group. Most of our Executive Officers have been with our Group for between five to ten years.

Our business is also dependent on the continued efforts of our technical personnel. Having a team of experienced and skilled personnel is essential to our product development and maintaining our product quality. The loss of our existing key management personnel and/or our technical personnel without suitable or timely replacements may have an adverse impact on our competitiveness and our Business and any investment in our Shares.

We are partially dependent on Beijian for the manufacture of our towercranes

We have engaged the services of Beijian to manufacture towercranes for us in order to increase our production capacity. Beijian was one of our major suppliers in FY2007. We have entered into the Beijian Manufacturing Agreement with Beijian in December 2007 pursuant to which Beijian shall provide services for the manufacture of specified towercranes as and when required to do so by FSYM Construction. The consideration for the provision of the services shall be 85.0% of the price at which FSYM Construction sells such crane(s) to the relevant customer(s). Beijian has undertaken that it will ensure it has sufficient capacity to carry out such manufacturing services at all times. Please refer to the section entitled "Interested Person Transactions" in this Prospectus for further information. Given the Beijian Manufacturing Agreement, we may not be able to maintain our historical profit margins. Further, in the event that Beijian is unable to perform its obligations under the Beijian Manufacturing Agreement and we are unable to secure additional production capacity or a suitable alternative manufacturer at a cost acceptable to us, our Business and any investment in our Shares may be adversely affected.

We do not possess valid title to certain properties we currently occupy or intend to occupy

Our subsidiary, FSYM Construction, had on 6 January 2007 entered into an agreement with the People's Government of Shuncheng District, Fushun City pursuant to which the Government agreed to grant FSYM Construction land use right in relation to the land located at the Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province with an area of approximately 240,000 sq m. Construction works to build a new manufacturing facility at this site has commenced and is presently expected to be completed by about the end of 2008. As at the Latest Practicable Date, we do not have the land use right certificate for this site. Please refer to the section entitled "General Information on Our Group – Properties and Fixed Assets" and "General Information on Our Group – Future Plans" for further information.

FSYM Construction had on, 12 September 2007, entered into a lease agreement with FYEM in respect of the premises and land at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province with an aggregate area of approximately 160,000 sq m. As at the Latest Practicable Date, we understand that FYEM has applied for but has not obtained property ownership rights in respect of an area of the leased property amounting to 6,776 sq m. The aforesaid lease agreement has been registered with the relevant authority for a validity period till 31 December 2008.

In addition, FSYM Construction had on 12 May 2004 entered into a lease agreement with Ms Zhao Jin Lan in respect of office space at 24B Building 4, Renheng Plaza, 88 Maoxing Road, Pudong New District, Shanghai with an area of approximately 137.16 sq m and had on 20 March 2006 entered into a lease agreement with Ms Rong Xian Li in respect of office space at 18 Heyuan Street, Daoli District, Harbin with an area of approximately 84.77 sq m. As at the Latest Practicable Date, the aforementioned leases have not been registered with the relevant local real estate administration authority. Under applicable PRC laws and regulations, failure to register the lease agreements may result in FSYM Construction's inability to enforce its rights under the lease agreements against third parties.

We cannot predict how our rights as owner, lessee or occupier of the abovementioned properties, and our operations carried out or to be carried out on or from these properties, may be adversely affected as a result of the absence of vested legal title in these properties or right to lease these properties. There is also no assurance that the registration of our lease agreement with FYEM will be renewed by FYEM. If the registration is not renewed for any reason, the lease may not be enforceable against against third parties. We may be required to relocate our business operations carried out on these properties that we do not have unassailable legal rights to use or occupy temporarily or permanently. In respect of the land on which our new manufacturing facility is to be located, our plans to increase our production capacity may also be affected (see the section entitled "General Information on Our Group – Future Plans" in this Prospectus) and capital investments incurred by us may have to be written-off. Any of the foregoing could materially and adversely affect our Business and any investment in our Shares. Please see the section entitled "General Information on our Group – Properties and Fixed Assets" in this Prospectus for information on the properties we own and lease.

We are affected by regional and worldwide social, political, legal, regulatory and economic conditions

For FY2007, approximately 78.0% of our revenue was derived from overseas markets. Uncertainties arising from war, the potential threat of terrorism, the outbreak of infectious diseases may cause our customers to take a cautious approach to spending and consumption of services. Further, any adverse change in the social, political, legal, regulatory and economic conditions regionally and worldwide including capital restrictions or changes in duties, import tariffs and taxation or adverse currency and interest rate fluctuations will have an adverse effect on our Business and any investment in our Shares.

We operate in a competitive market and our results may be adversely affected if we are unable to maintain our competitive position

Our Group operates in a competitive market. Our competitors include existing players and new entrants to the industry. Competitive factors in our industry include brand name, pricing, quality and technological features of the product, geographical presence, availability of substitute products such as used cranes, customer relationship management, including after-sales service and timely delivery and the ability to satisfy customers' specifications. Our competitors include both local and foreign companies who may have access to greater financial and other resources than we do. We cannot assure you that we will be able to compete successfully against our competitors as well as new entrants in this industry in the future. Accordingly, our Business and any investment in our Shares would be adversely and materially affected if we are unable to maintain our competitive advantage and compete successfully against them in the future.

We are subject to foreign currency exposure

We are subject to foreign exchange risks as our revenue and costs are denominated mainly in U.S. dollar, Euro and RMB. To the extent that our sales, purchases and operating expenses are not matched in the same currency, we may be susceptible to foreign exchange exposure. We are also exposed to fluctuations in foreign exchange arising from the difference in timing between our receipt and payment of funds. Accordingly, any significant adverse foreign currency fluctuations may have an adverse impact on our Business and any investment in our Shares.

In view of the nature of our business, which spans several countries, foreign exchange risks will continue to be an integral aspect of our risk profile in the future. Currently, our Group does not have a formal foreign currency hedging policy as our foreign exchange gains and losses have been thus far relatively low. Our management also believes that it is more efficient for us to assess the hedging need of each transaction on a case-by-case basis. We intend to monitor our foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operation – Foreign Exchange Exposure" of this Prospectus for further details.

We are dependent on our major customers

Our customers are mainly construction equipment distributors. For certain information on our major customers, please refer to the section entitled "General Information on Our Group – Major Customers" in this Prospectus. These major customers accounted in aggregate for approximately 77.2% of our revenue in FY2007.

Save as disclosed in the section entitled "General Information on Our Group – Major Customers" in this Prospectus, we do not have any long-term distributorship agreements or fixed sales contracts with our customers and there can be no assurance that we will be able to retain our major customers or continue to receive orders from them at current levels or prices. Any adverse change to the principal terms of our distributorship agreements with our major customers or any material cancellation, reduction in and/or cessation of orders and/or claims for whatever reasons by any of our major customers, would adversely affect our Business and any investment in our Shares.

We are exposed to credit risks of our customers

Our performance is dependent on the credit worthiness of our customers. Material defaults in payment by our major customers will adversely affect our performance and cash flow. We are unable to assure you that the risks of default by our customers will not increase in the future, or that we will experience cash flow problems as a result of such defaults. Should these develop into actual events, our Business and any investment in our Shares may be adversely affected.

We face exposure to product liability claims and legal enforcement risks

The demanding conditions in a construction site mean that our cranes are subject to exacting safety and performance standards. Thus our Group is exposed to product liability risk (including claims from our customers or third parties for the losses and damages suffered as a result of accidents caused by defects in our towercranes). Currently, we do not have any product liability insurance to mitigate such risk.

We generally provide product warranty for 12 months in respect of our towercranes to our customers. During this period, we are required to rectify manufacturing defects in our towercranes. In such event, there may be additional costs to be borne by us and our margins will be reduced.

Disputes and claims may also arise as a result of defective workmanship, non-adherence to contract specifications or delay in the delivery of products. In such circumstances, our Group may be liable to pay damages (including liquidated damages if specified in the contracts). In addition, our Group may be exposed to risk of litigation or claims from third parties as a result of accidents while using our cranes. As at the Latest Practicable Date, our Group has not incurred material costs related to such liabilities. However, there is no assurance that any such claims in the future will not materially and adversely affect our reputation, Business and any investment in our Shares.

We may be affected by uninsured or inadequately insured losses to our assets

Our assets could suffer physical damage caused by fire or other causes, resulting in losses which may not be compensated (fully or otherwise) by insurance. In addition, certain types of risks (such as war risks and terrorist acts) may be uninsurable or inadequately insured. Should such a loss occur, we could lose the capital invested as well as anticipated future revenue. We would also remain liable for any debt or other financial obligation related to the assets. No assurance can be given that such material losses will not occur in the future. Should there be any loss(es) arising out of damage to our assets which are not covered by our insurance policies, not adequately covered or should such insurance proceeds not be paid out, our Business and any investment in our Shares may be adversely affected.

We may be affected by infringements of intellectual property and leakage of our proprietary technical know-how

Trademarks and patents are important in our operations. We sell our products in the PRC and export our products overseas under our brand names "永茂", "YONGMAO" and "SUNCRANE". Pursuant to our distributorship agreement with ABG Cranes Private Limited, who is our distributor in India, our products are marketed and sold under the brand "YONGMAO-ABG" in India. Our brand names are important in promoting product recognition and customer loyalty. We believe that we have built significant customer goodwill associated with our brand names in terms of the quality of our products.

We have registered certain trademarks in the PRC and hold certain patents. We have also applied for registration of certain trademarks in the PRC and are preparing to apply for registration of trademarks in certain countries overseas. Please refer to the section entitled "General Information on Our Group – Intellectual Property" for further information. We do not however have trademark registrations in all the countries where our towercranes are sold. Further, there is no assurance that our efforts to protect our trademarks will be effective or that our competitors will not adopt brand names or trademarks similar to ours. We are also vulnerable to attempts by third parties to pass off their products as ours by using our brand names or trademarks. Adequate protection of our intellectual property is vital to our business. Legal action against individuals or companies which infringe our intellectual property rights involves substantial time and resources. There is no assurance that we will be able to completely stop or prevent infringement. Counterfeit products of inferior quality will tarnish our reputation.

Our ability to achieve future growth in revenues may be affected by any failure to protect our trade secrets or technical know-how relating to the designs of our towercranes. Whilst we have obtained various patents from the State Intellectual Property Office of the PRC (information on which is set out in the section entitled "General Information on Our Group – Intellectual Property" in this Prospectus), there is no assurance that our technical know-how will not be disclosed to our competitors or a third party. There is also no assurance that our controls to maintain confidentiality will be effective and there will be no unauthorised disclosure of our proprietary information. Should there be a leak of our proprietary information or technical know-how to our competitors, our Business may be affected.

In addition, we may unknowingly infringe intellectual property rights of third parties, in which case, we may have to incur substantial costs and resources defending legal suits that may be brought against us for alleged infringement of intellectual property owned by third parties. Such claims made against us may have a negative impact on our reputation and Business.

A disruption in the supply of utilities, fire, flood or other natural calamities at the manufacturing facilities where we produce our cranes would disrupt our operations

The facilities where we carry out our manufacturing activities are located in Fushun City, Liaoning Province. Any disruption in the supply of utilities or the occurrence of fire, flood or other calamities at our factory may result in significant damage to such manufacturing facilities. The occurrence of any of the above events may cause us to stop, suspend or curtail our production process and we may not be able to deliver our products to our customers on a timely basis, which may have a material adverse effect on our Business. While we maintain insurance policies covering losses in respect of damage to our properties and machinery, we cannot assure you that our insurance would be sufficient to cover all of our potential losses.

We face the risk of technological obsolescence

Our growth is dependent on our ability to maintain and enhance our technological capabilities and successfully anticipate or respond to technological changes to meet the latest design and requirements of our customers. To keep up with technological changes, we send certain employees for technical training and development programmes. Our in-house research and development team also carries out research and development activities to seek to improve and enhance our products. However, there can be no assurance that we will be successful in developing the latest technologies and technical know-how, and that our research and development initiatives will translate to commercially viable products.

We have a limited operating track record and may not be able to sustain and manage our growth

The joint venture between our Company, FYEM and Mr Sun Zhao Lin in relation to our operating subsidiary, FSYM Construction, was formed in 2005 and FSYM Construction commenced business operations in May 2006. We therefore have a limited operating track record for investors to assess and evaluate our future performance and any investment in our Shares and our past operating results may not be indicative of our future performance. Please refer to the section entitled "General Information on Our Group – History" in this Prospectus.

In FP2006, FY2007 and FY2008Q1, our net (loss)/profit attributable to Shareholders was RMB(1.0) million, RMB59.2 million and RMB38.6 million, respectively. Our future operating results will depend on our ability to manage our growth including controlling costs, improving our operational efficiencies and to hire, expand, train and manage our employees. If there is any unexpected decline in the growth of our revenue without a corresponding decline in our operating costs or if we are otherwise unable to manage our growth effectively, our Business and any investment in our Shares may be adversely affected.

In addition, our growth will require us to have sufficient production capacity or expand our production capacity and if such expansion is not undertaken successfully and in a timely manner, our growth, prospects, Business and any investment in our Shares may be adversely affected. The planned expansion of our manufacturing facilities will result in higher depreciation charge(s) and overheads. If we are unable to increase our business and revenue in tandem, our margins may be adversely affected.

We may not be successful in our future acquisitions and investments in other companies and businesses

As part of our growth strategy, from time to time, we may make acquisitions and investments in companies or businesses. Please see the section entitled "General Information on Our Group – Future Plans" in this Prospectus. The success of our acquisitions and investments depends on a number of factors, including:

(a) our ability to identify suitable opportunities for investment or acquisition;

(b) whether we are able to reach an acquisition or investment agreement on terms that are satisfactory to us and whether any approvals required or other conditions that must be fulfilled for any acquisition or investment can be secured;

(c) the extent to which we are able to exercise control over the acquired company or business;

(d) the economic, business or other strategic objectives and goals of the acquired company or business compared to those of our Group; and

(e) our ability to successfully integrate the acquired company or business with our Group.

There is no assurance that our expenditure in pursuing these matters will result in successful implementation and we cannot assure you that our revenues will increase after such expenditure. If we are unsuccessful in our acquisitions and investments or we are unable to increase our revenues after such expenditure, our Business and any investment in our Shares may be materially and adversely affected.

We may require additional financing in the future

Our business is capital intensive. Our funding and capital requirements can be affected by the success of our principal activities and the amount of resources required to attract, maintain and expand our customer base as well as to maintain and expand our manufacturing facilities, including the upgrading of our existing production lines.

We may need to obtain additional debt or equity financing to fund acquisitions or capital expenditures. Additional equity financing may result in dilution to the holders of our Shares or additional investments by our existing Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by an investor. Dilution may occur in shareholding terms even if the issue of Shares is at a premium to the market price. Additional debt financing may restrict our freedom to operate our business as it may have conditions that, *inter alia*,:

(a) limit our ability to pay dividends or require us to seek consents for the payment of dividends;

(b) limit our ability to incur further borrowings or to refinance any existing indebtedness;

(c) increase our vulnerability to general adverse economic and industry conditions;

(d) require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;

(e) limit our ability to pursue any growth plans;

(f) limit our flexibility in planning for, or reacting to, changes in our business and our industry; and

(g) may be dilutive to our Shareholders' interests.

We cannot assure you that we will be able to obtain any or any additional financing on terms that are acceptable to us or even at all. In addition, the People's Bank of China has been raising the reserve requirement for banks and lending rate in a bid to curb credit growth and/or inflation in the PRC. This and any other measures or policies that the authorities may implement may limit our flexibility and ability to use bank borrowings to finance our business operations and plans. We may face difficulty in securing loans from PRC banks as a result.

RISKS RELATING TO THE PRC

Our operations are subject to political, economic, social, legal and regulatory risks of doing business in the PRC

Since our business (including our manufacturing facilities) is located in the PRC, our Business is subject, to a significant degree, to the economic, political, social, legal and regulatory development and conditions in the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including:

(a) the level of government involvement;

(b) the level of development;

(c) the growth rate;

(d) the level of capital reinvestment;

(e) the control of capital reinvestment;

(f) the control of foreign exchange; and

(g) the allocation of resources.

The economy of the PRC has historically been a planned economy subject to a series of economic plans adopted by the State. The PRC Government has implemented economic reforms resulting in significant economic and social advancement over the past 30 years. Many of these reforms however are unprecedented or experimental and may be subject to change or reversal. There is no assurance that the PRC Government will continue to pursue a policy of economic reforms.

Changes in the political, economic, social, legal and regulatory conditions in the PRC or changes in government policies such as changes in (or in the interpretation or application of) laws, regulations, rules, codes, guidelines, directives or other requirements (in each case, whether or not having the force of law) applicable to our Group or our business, the introduction of measures to control inflation, changes in the rate and method of taxation and the imposition of additional restrictions on currency conversion and overseas remittances, may affect our Business and any investment in our Shares.

We may be adversely affected by changes and uncertainties in the PRC legal system

Our business and operations in the PRC and the business and operations of our customers and suppliers in the PRC are subject to the laws and regulations promulgated by the PRC Government. The PRC Government is still in the process of developing a comprehensive set of laws and regulations in the course of the PRC's transformation from a centrally planned economy to a more free market oriented economy. As the legal system in the PRC is still in a state of flux, laws and regulations or the interpretation of the same may be subjected to change. Further, any change in the political and economic policy of the PRC Government may also lead to similar changes in the laws and regulations or the interpretation thereof. Such changes may adversely affect our operations and business in the PRC.

The PRC legal system is a codified legal system made up of the PRC Constitution, written laws, regulations, circulars, administrative directives, and internal guidelines as well as judicial interpretations. Unlike common law jurisdictions like Singapore, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. As such, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of certainty, consistency or predictability as in other countries with more developed legal systems. Owing to such uncertainty, inconsistency and unpredictability, if we should be involved in any legal dispute in the PRC, we may experience difficulties in obtaining legal redress or in enforcing our legal rights.

Further, the PRC legal system is still not as well-developed as in developed countries and the interpretation and enforcement of the PRC laws, including newly promulgated laws, are subject to uncertainties.

From time to time, changes in law and regulations or the implementation thereof may also require us to obtain additional approvals and licences from the PRC authorities for the conduct of our operations in the PRC. In such event, we may need to incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance as our business costs will increase. Further, there can be no assurance that such approvals or licences will be granted to us promptly or at all. If we experience delay in obtaining or inability to obtain such required approvals or licences, our operations and business in the PRC, and hence our Business and any investment in our Shares may be adversely affected.

On 8 August 2006, the Ministry of Commerce (the "**MOC**"), the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, the China Securities Regulatory Commission (the "**CSRC**") and SAFE collectively issued the "Provisions on Acquisition of Domestic Enterprise by Foreign Investors" (which was supplemented by the "Provisions on Indirect Overseas Issuance or Listing of Securities by Domestic Enterprise" issued by CSRC on 21 September 2006) which came into force on 8 September 2006 (the "**Provision 10**"). Provision 10 relates to acquisitions of PRC domestic enterprises by foreign investors by way of shares merger and acquisition and assets merger and acquisition. It provides that the acquisition of PRC domestic enterprises by affiliated foreign enterprises established or controlled by PRC domestic companies, enterprises or natural persons must be approved by the MOC. Provision 10 also provides that the overseas listing of a special purpose company on an overseas stock market must be approved by the CSRC.

Yuan Tai Law Offices is of the opinion that Provision 10 does not apply to the acquisition by our Company of the remaining 70% of equity interests in FSYM Construction from FYEM and Mr Sun Zhao Lin (the "**FSYM Construction Acquisition**") (as described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus) as FSYM Construction was an FIE and not a PRC domestic enterprise as at 8 September 2006. Accordingly, although the Restructuring Exercise was completed after 8 September 2006, Yuan Tai Law Offices is of the view that the FSYM Construction Acquisition does not require any approval from or registration with the MOC or the CSRC or any other PRC authority, under or as required by the PRC laws and regulations, other than the approval from the original local approving authority, the Liaoning Provincial Department of Foreign Trade and Economic Co-operation which is the appropriate authority, regarding the share transfers in respect of shares in FSYM Construction between our Company, FYEM and Mr Sun Zhao Lin (which approval has been obtained).

In addition, Yuan Tai Law Offices is of the opinion that the listing of our Company with FSYM Construction as our subsidiary does not require any approval from or registration with the CSRC, the MOC or any other PRC authority under PRC laws and regulations.

However, there is no assurance that the PRC authorities will not issue further directives, regulations, clarifications or implementation rules requiring approvals or other requirements in relation to our acquisition of equity interests in FSYM Construction and/or our listing on the SGX-ST or the transactions described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus and if so, how this will affect our Group, our Business and any investment in our Shares.

We may be adversely affected, including unable to receive dividends from our PRC subsidiary, by changes in the PRC foreign exchange controls and by failure of our Shareholders to comply with PRC foreign exchange control rules or requirements

Our PRC subsidiary, FSYM Construction, is a wholly foreign-owned enterprise. In the PRC, FIEs, which include wholly foreign-owned enterprises, are subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of the RMB into foreign currencies. Currently, FIEs are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications (which need to be renewed annually), FIEs are allowed to open foreign currency accounts including the "current account" and "capital account". Currently, conversion within the scope of a "current account" (for example, remittance of foreign currencies for payment of dividends) can be effected without the approval of SAFE. However, conversion of currency in the "capital account" (for example, for capital items such as direct investments, loans and securities) still requires the approval of SAFE.

The ability of our PRC subsidiary to pay dividends or make other distributions to us may be prohibited or restricted or otherwise affected by the PRC foreign exchange control restrictions and/or uncertainties in, *inter alia*, the interpretation and application of PRC foreign exchange control regulations and/or absence of relevant regulations. There is no assurance that the relevant regulations will not be amended to the disadvantage of our Group or our Shareholders, and that the ability of our PRC subsidiary to pay or make dividends or other distributions to us or our ability to fund business or investment activities outside the PRC, will not be adversely affected as a result.

In addition, under prevailing PRC regulations, PRC residents including PRC companies and PRC resident individuals, are required to register their foreign investment with the local foreign exchange authority (if they have not previously done so in accordance with previous applicable regulations) their shareholding in foreign companies. Registration is also required for modification or record with the local foreign exchange authority within 30 days from the date of any increase/decrease of capital, share transfer, merger/splitting, long term equity or debt finance, granting of foreign-related security or other material changes to the capital structure of the foreign company ("**material issues**"). The foreign company may not be allowed to receive distributed dividends, profits and other payments from its PRC subsidiary unless and until the aforesaid registration is satisfied in accordance with the regulations. PRC residents are required to repatriate, within 180 days, distributed dividends or profits which they receive from the foreign company and/or income deriving from changes in the shareholding of the foreign

company. Whilst there is a time limit for completion of the above application or registration, there is no description of the consequences or penalties in case of any delay of registration. If any breaches of the regulations result in foreign exchange evasion or other violations of foreign exchange administration, penalties may be imposed by the SAFE in accordance with the PRC Rules of Foreign Exchange Administration and other relevant regulations.

Yuan Tai Law Offices has opined to our Company as follows:

According to the SAFE regulations, PRC residents (including PRC companies and PRC resident individuals) have to register their foreign investment with the local SAFE. Under the SAFE regulations "PRC resident individual" is defined as an individual who possesses a PRC residence identity card or passport, or an individual who does not possess a PRC residence identity card or passport, but habitually resides in the PRC due to economic connections in the PRC. Failure to comply with the SAFE regulations could prohibit the remittance of dividends, profits and other distributions to the foreign company by its PRC subsidiary unless and until the aforesaid registration is satisfied in accordance with the regulations. Mr Sun Tian, who is a PRC domestic resident individual and is required, amongst other matters, to comply with the above requirements, had in September 2007 (subsequent to the prescribed deadline) made enquiries with Fushun Branch of SAFE to make the abovementioned registration of his foreign investment of 739,145 Shares in our Company, representing approximately 22.3% of our then total number of issued Shares. However, according to the Reply to the Relevant Issues Regarding the Foreign Investment Registration of Mr Sun Tian (关于孙田先生办理境外投资外汇登记相关事宜的答复) issued by the State Administration of Foreign Exchange, Fushun Central Sub-bureau (国家外汇管理局抚顺市中心支局) and dated 25 September 2007, Mr Sun Tian's attempt to make the registration of foreign investment was not successful and therefore the foreign investment registration procedure cannot be carried out. Mr Sun Tian understands that there is currently no clear regulation regarding the registration in such a case. Yuan Tai Law Offices believes that Mr Sun Tian is currently not considered as not in compliance with the SAFE regulations. Yuan Tai Law Offices is of the view that pending any further regulations that may be issued by the SAFE on the issue of such registration, Mr Sun Tian is presently not required to make such registration in respect of his said 739,145 Shares but may be required to undertake such registration in the future. Any such registration is administrative in nature and does not require any approval from any PRC authority. Yuan Tai Law Offices is of the view that the obligation to comply with the SAFE regulations is imposed only on the PRC resident in question, and not on the foreign company or its PRC subsidiary and that accordingly, our Company and FSYM Construction are not exposed to any sanction, fine, penalty or liability in respect of the foregoing under PRC laws and regulations.

Yuan Tai Law Offices and the Manager have reviewed a copy of the above Reply of 25 September 2007 which states that Mr Sun Tian's application for registration was received and his attempt to register was not successful. In addition, Yuan Tai Law Offices and the Manager have contacted the Fushun Branch of SAFE and the officer confirmed that the registration by Mr Sun Tian cannot be done.

Mr Sun Zhao Lin and Ms Tian Ruo Nan (who currently do not own Shares in our Company) are also PRC resident individuals and may be required to comply with the above requirements in respect of any future shareholdings in our Company (and any changes thereof) including Shares which they may acquire in the event of the exercise of the options held by each of them, described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus.

Failure to comply with any SAFE regulations could adversely affect, including prohibit, FSYM Construction's ability to remit dividends, profits and other distributions to our Company and to effect liquidation, transfers of shares and reduction of registered capital of FSYM Construction. In such event, FSYM Construction may also be penalised for foreign exchange evasion. Those who commit an act of foreign exchange evasion shall be ordered by the foreign exchange authority to repatriate the evaded foreign exchange back into the PRC within a time-frame stipulated by the foreign exchange authority, the repatriated funds shall be "compulsorily" converted to RMB, and a fine of an amount between 30% of the evaded foreign exchange and not more than 5 times of the evaded foreign exchange shall be imposed,

and if such act constitutes a crime, the person/entity in question shall be investigated for criminal responsibilities. Further, there is no assurance that non-registration with the PRC authorities of their shareholdings in our Company will not affect Mr Sun Tian, and any future non-registration(s) by Mr Sun Tian, Mr Sun Zhao Lin and Ms Tian Ruo Nan will not affect them, personally in an adverse matter and will not thereby adversely affect our Company, given that they are our Directors and controlling shareholders. We have obtained an undertaking and indemnity from each of Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian relating to compliance with foreign exchange control laws, regulations and requirements. However, we cannot assure you that they will comply with the above requirements or fulfil their obligations under their respective undertakings and indemnities or that we will be able to recover any amounts that may be due to our Company. Please refer to the section entitled "Exchange Controls" in this Prospectus for information on, *inter alia*, such undertakings and indemnity and also to the risk factor "Our operations and significant assets are located in the PRC. It could be difficult to enforce a Singapore judgement against us, our Executive Directors and our Executive Officers".

Please also refer to the section entitled "Exchange Controls" in this Prospectus.

The cessation of any preferential or special tax treatments or other incentives currently available to us will have an adverse impact on us

Our subsidiary, FSYM Construction, enjoys certain special or preferential tax treatments regarding enterprise income tax in accordance with the "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises". FSYM Construction qualifies for the five-year tax period incentive pursuant to which it is entitled to full exemption from enterprise income tax for the first two profitable years (i.e. calendar years 2006 and 2007) and a 50% reduction in state income tax and local income tax for the next three years (i.e. calendar years 2008 to 2010) (at the rate of 16.5%). The current enterprise income tax rate is 33%. However, as the tax laws and regulations in the PRC may be further reformed by the PRC Government, we cannot assure you that our subsidiary in the PRC will continue to enjoy any of these special or preferential tax treatments or other incentives in future.

On March 16, 2007, the National People's Congress of the PRC passed the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which will take effect as of 1 January 2008. In accordance with the new law, a unified enterprise income tax rate of 25% and unified tax deduction standards will be applied equally to both domestic-invested enterprises and FIEs. However, it adopts some transitional preferential measures for enterprises established before the promulgation of the EIT Law which enjoy low tax rates or regular tax reduction and exemption preferential treatment under current tax laws and administrative regulations. According to these transitional measures, existing enterprises which are entitled to enjoy the current preferential income tax treatment at low tax rates under the current tax laws may, pursuant to the regulations of the State Council, continue to enjoy a gradually increasing transitional income tax rate within five years of the EIT Law becoming effective. Existing enterprises, which are entitled to enjoy regular tax reduction and exemption preferential treatment under the current income tax laws, may continue to enjoy the remaining incentives in accordance with the requirements and period specified by the current income tax laws. However, for enterprises that have not made any profits and thus not enjoyed such preferential treatment, the period for enjoying preferential income tax treatment shall be calculated from the year in which the EIT Law becomes effective. Any increase in our effective tax rate as a result of the above may adversely affect our Business and any investment in our Shares. Details regarding implementation of this new law are expected to be provided in the form of one or more implementing regulations to be promulgated by the PRC Government. However, the timing of the issuance of such implementing regulations is currently unclear.

Dividends distributed by foreign investment enterprises are exempted from withholding tax under current PRC laws. According to the EIT Law and the implementation of the EIT Law which will become effective on 1 January 2008, for dividends made in the year 2008 or after, foreign investors which have no establishment in the PRC will be subject to a withholding tax on the dividends derived from a source within the PRC. The EIT Law prescribes a statutory withholding tax rate of 20%. In addition, a lower withholding tax rate may be applied according to the Agreement between PRC Government and Singapore Government for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income with the PRC. For information relating to taxation in respect of dividends from FIEs, please refer to page I-7 of Appendix I to this Prospectus.

Any discontinuation of preferential or special tax treatments or other incentives, increase in the enterprise income tax applicable to us or the loss of any exemption on dividend tax, could have a material adverse effect on our Business and any investment in our Shares.

We may be affected by changes of laws and regulations relating to currency conversion in the PRC

Under the present unified floating exchange rate system largely based on market supply and demand, the People's Bank of China publishes a daily exchange rate for the RMB based on the previous day's dealings in the inter-bank foreign exchange market. Under this unified floating exchange rate system, fluctuations in the exchange rate of the RMB against other currencies, such as the US$, are to a certain extent subject to market force. Moreover, there is no assurance that the RMB will not be subject to devaluation or depreciation due to administrative or legislative intervention by the PRC Government or adverse market movements.

We are subject to the PRC's environmental laws and regulations

Our manufacturing facilities in the PRC are subject to environmental laws and regulations imposed by the PRC authorities. In the PRC, our business operations are subject to laws and regulations relating to, *inter alia*, air quality protection, waste management and water quality protection. Any failure by us to comply fully with such laws and regulations will result in us being subject to penalties and fines or being required to pay damages. If stricter rules are imposed on air quality protection, waste management and water quality protection by the PRC authorities which result in us having to incur additional capital expenditure or costs in order to comply with such stricter rules, our Business and any investment in our Shares may be adversely affected.

We may be affected by an outbreak, or threatened outbreak, of any severe communicable disease in the PRC

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC, could materially and adversely affect overall business sentiments and environment in the PRC, particularly if such outbreak is inadequately controlled. This in turn could materially and adversely affect domestic consumption, labour supply and, possibly, the overall gross domestic product growth of the PRC. Our Group's revenue is currently derived mainly from our PRC operations and any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC may adversely affect our Business. In addition, if any of our employees is affected by any severe communicable disease, our production may be adversely affected or disrupted due to a shutdown of the affected manufacturing facilities in order to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of our Group's customers and suppliers, which will in turn affect our Business.

RISKS RELATING TO INVESTMENT IN OUR SHARES

Our Share price may fluctuate following the Invitation

The market price of and demand for our Shares may be volatile and fluctuate significantly and rapidly as a result of, among others, the following factors, some of which are beyond our control:

(a) the success or failure of our management team in implementing business and growth strategies;

(b) announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, partnerships, joint ventures, capital commitments or new products or services offered by us or our competitors;

(c) gain or loss of important business or other relationships;

(d) variations of our operating results;

(e) changes in securities analysts' estimates of our financial performance;

(f) market valuations of similar companies;

(g) additions or departures of key personnel;

(h) changes in accounting principles;

(i) changes in share prices of companies with similar business to our Company that are listed in Singapore;

(j) fluctuations in stock market prices and volume;

(k) involvement in litigation or other legal proceeding; and

(l) general including global political, economic and stock and money market conditions.

No prior market for our Shares

Prior to the Invitation, there has been no public market for our Shares. The Issue Price has been determined following a book-building process by agreement between the Company and the Underwriter and the Placement Agent and may not be indicative of the market price for our Shares after the completion of the Invitation. Subscribers of the New Shares may not be able to sell their Shares at a price that is attractive to them. We have applied to the SGX-ST for the listing and quotation of our Shares on the Official List of the SGX-ST. However, no assurance can be given that an active trading market for our Shares will develop or, if developed, will be sustained. In addition, the listing does not guarantee the liquidity of the market for our Shares. Generally, the liquidity a particular share is dependent on, amongst others, the size of the free float, the price of the board lot, institutional interests, and the business prospects of the company as well as the prevailing market sentiment. The Issue Price has been determined based on several factors and may not be indicative of the market price at which our Shares will trade.

Investors may not be able to resell their Shares at or above the Issue Price. Volatility in the trading price of our Shares may be caused by factors outside of our control and may be unrelated to our operating results.

Future sale of our Shares could adversely affect our Share price

Any future sale or availability of our Shares can have a downward pressure on our Share price. The sale of a significant amount of our Shares in the public market after the Invitation, or the perception that such sales may occur, could materially affect the market price of Shares. These factors also affect our ability to sell additional equity securities for subscription in future. Except as otherwise described in the section entitled "Shareholders – Moratorium" in this Prospectus, there will be no restriction on the ability of the substantial Shareholders to sell their Shares either on the SGX-ST or otherwise. Any substantial sale of our Shares over a short period after the expiry of the applicable moratorium period of our Substantial Shareholders could cause our Share price to fall.

Control by existing Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon the completion of the Invitation, our Directors and Substantial Shareholders will beneficially own in aggregate approximately ●% of the total number of issued Shares. As a result, these persons, if they act together, will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. These persons will also have veto power, if they act together, with respect to any shareholder action or approval requiring a majority vote except where they are required by the rules of the Listing Manual to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company which may benefit our Shareholders.

Our operations and significant assets are located in the PRC. It could be difficult to enforce a Singapore judgement against us, our Executive Directors and our Executive Officers

Our subsidiary, FSYM Construction, is incorporated in the PRC, and our main operations and assets are located in the PRC. In addition, all of our Executive Directors and most of our Executive Officers are non-residents of Singapore, and substantially all the assets of these persons are located outside Singapore. As a result, it could be difficult for investors to effect service of process in Singapore if they wish to make a claim against us or our Executive Directors or any of our Executive Officers, or to enforce a judgment obtained in Singapore against us or our Executive Directors or our Executive Officers.

Our Company may not pay dividends in the future

Our Company's ability to pay dividends to our Shareholders is directly affected by, *inter alia*, our financial condition and the ability of companies in our Group to pay our Company dividends. There is no assurance that our Company will be able to pay dividends to our Shareholders after the completion of the Invitation. In the event that any company in our Group enters into any loan agreements in the future, covenants therein may limit when and how much it can declare and pay.

Our holding company structure and/or other factors and restrictions may impede our ability to service any debt obligations or pay dividends to our Shareholders

We operate under a holding company structure. As a holding company, the level of our income and our ability to service any debt obligations and to pay dividends may depend upon receipt of dividends and distributions from our subsidiary and equity investments. The payment of dividends by our subsidiary and equity investments is contingent upon many factors, including its earnings and cash flows, and may be subject to legal, contractual and/or tax and accounting requirements in the relevant jurisdiction and other restrictions on the payment of dividends under the terms of certain agreement(s).

Please refer to the section entitled "Exchange Controls" in this Prospectus and "Taxation in Singapore" and "Summary of Certain PRC Laws and Regulations" set out in Appendices H and I of this Prospectus, for certain information relating to exchange controls and taxation.

New investors will incur immediate dilution and may experience further dilution

Our Issue Price of S$● per Share is substantially higher than our Group's NTA per Share of S$● based on the post-Invitation issued share capital. If we were liquidated immediately following the Invitation, each investor subscribing to the Invitation would receive less than the price paid for their Shares. Please refer to the section entitled "Dilution" in this Prospectus for further details.

Future dilution due to capital requirements

Our working capital and capital expenditure needs may vary materially from those presently planned, depending on numerous factors, including our strategic alliances, marketing and distribution strategies and other factors which cannot be foreseen. If we do not meet our goals with respect to revenues, or if costs are higher than anticipated, substantial additional funds may be required. Even if we exceed our goals, our success may introduce new opportunities that may have to be fulfilled quickly and this could also result in the need for substantial new capital. To the extent that funds generated from operations have been exhausted, we may have to raise additional funds to meet the new capital requirements. These additional funds may be raised by way of a limited placement or by a rights offering or through the issuance of new Shares. In all such events, if any Shareholder is unable or unwilling to participate in such round of fund raising, such Shareholder may suffer dilution in his investment.

Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues by our Company

If our Company offers or causes to be offered to Shareholders rights to subscribe for additional Shares or any right of any other nature, our Company will have certain discretion as to, *inter alia*, the Shareholders to whom the offer is to be extended, the procedure to be followed in making such rights available and disposal of such rights and the distribution of the proceeds thereof. For example, in order to avoid violation of overseas securities legislation, our Company may not offer such rights to the holders of Shares having an address in a jurisdiction outside Singapore. Accordingly, Shareholders of our Company who have a registered address in a jurisdiction outside Singapore may be unable to participate in rights offerings and may experience a dilution in their shareholdings.

Singapore taxes may differ from the tax laws of other jurisdictions

Prospective investors should consult their tax advisers concerning the overall tax consequences of acquiring, owning or selling our Shares. Singapore tax law may differ from the tax laws of other jurisdictions, including the PRC. Please refer to "Taxation in Singapore" and "Summary of Certain PRC Laws and Regulations" set out in Appendices H and I to this Prospectus for more information.

INVITATION STATISTICS

Issue Price	S$●
NTA[1]	
The pro forma NTA per Share based on the unaudited balance sheet of our Group as at 30 June 2007 and after adjusting for the Restructuring Exercise (the "**Adjusted NTA per Share**"):	
(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 332,200,000 Shares	9.8 cents
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of ● Shares	● cents
Premium of Issue Price over the Adjusted NTA per Share:	
(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 332,200,000 Shares	●%
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of ● Shares	●%
EPS[2]	
Historical net EPS of our Group for FY2007 based on the pre-Invitation share capital of 332,200,000 Shares	3.5 cents
Historical net EPS of our Group for FY2007 based on the pre-Invitation share capital of 332,200,000 Shares, assuming that the Service Agreements had been in place in FY2007	3.4 cents
Price Earnings Ratio	
Historical net PER based on the historical net EPS of our Group for FY2007	● times
Historical net PER based on the historical net EPS of our Group for FY2007 assuming that the Service Agreements had been in place in FY2007	● times
Net Operating Cash Flow[3]	
Historical net operating cash flow per Share of our Group for FY2007 based on the pre-Invitation share capital of 332,200,000 Shares	3.7 cents
Historical net operating cash flow per Share of our Group for FY2007 based on the pre-Invitation share capital of 332,200,000 Shares assuming that the Service Agreements had been in place in FY2007	3.6 cents

Price to Cash Flow Ratio

Historical price to net operating cash flow based on the historical net operating cash flow per Share (using the pre-Invitation share capital of 332,200,000 Shares) for FY2007	● times
Historical price to net operating cash flow based on the historical net operating cash flow per Share (using the pre-Invitation share capital of 332,200,000 Shares) for FY2007 assuming that the Service Agreements had been in place in FY2007	● times

Market Capitalisation

Market capitalisation based on the Issue Price and the post-Invitation share capital of ● Shares	S$● million

Notes:

(1) Calculated based on the exchange rate of S$1.00 to RMB4.9750, being the closing exchange rate as at 30 June 2007.

(2) Calculated based on the exchange rate of S$1.00 to RMB5.0498, being the average exchange rate for FY2007.

(3) Net operating cash flow is defined as the net profit attributable to Shareholders with depreciation and amortisation added back. Calculated based on the exchange rate of S$1.00 to RMB5.093, being the closing exchange rate as at 31 March 2007.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007, Report from the Auditors in relation to the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period from 1 April 2007 to 30 June 2007 and the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 as set out in Appendices A, B and C to this Prospectus, respectively.

OPERATING RESULTS OF OUR GROUP[1]

	Audited[2]		Unaudited	
(RMB'000)	**FP2006**	**FY2007**	**FY2007Q1**	**FY2008Q1**
Revenue	–	278,256	22,245	158,332
Cost of sales	(9)	(172,596)	(15,274)	(103,260)
Gross (loss) / profit	(9)	105,660	6,971	55,072
Other operating income	2	549	79	216
Administrative expenses	(204)	(11,486)	(2,295)	(3,031)
Distribution costs	(750)	(34,677)	(4,342)	(12,560)
Other operating expenses	(26)	(817)	(174)	(1,089)
Finance costs	–	(5)	–	(5)
(Loss) / Profit before taxation[3]	(987)	59,224	239	38,603
Taxation	–	–	–	–
Net (loss) / profit attributable to Shareholders[3]	(987)	59,224	239	38,603
EPS for profit attributable to Shareholders during the period / year				
- Basic (RMB cents)[4]	(0.30)	17.83	0.07	11.62
- As adjusted for the Invitation (RMB cents)[5]	●	●	●	●

Notes:

(1) The results of the Group as shown by the unaudited pro forma Group income statement for FY2007 and FY2008Q1 is the same as that shown by the audited combined income statement for FY2007 and the unaudited combined income statement for FY2008Q1. The pro forma Group income statement for FY2007 and FY2008Q1 has been prepared on the basis to show the effects of the Dividend Payment, the Debt Capitalisation and the Loan Conversion since the beginning of FY2007.

(2) The combined financial statements of our Group have been prepared in a manner similar to the "pooling-of-interest" method as if the Restructuring Exercise had been completed on 20 January 2006.

(3) Had the Service Agreements been in place since 1 April 2006, the PBT and profit attributable to Shareholders would have been approximately RMB57.5 million.

(4) For comparative purposes, basic EPS has been computed based on the (loss) / profit attributable to Shareholders for the period/year and the pre-Invitation share capital of 332,200,000 Shares.

(5) For comparative purposes, EPS as adjusted for the Invitation has been computed based on the (loss) / profit attributable to Shareholders for the period/year and the post-Invitation share capital of ● Shares.

FINANCIAL POSITION OF OUR GROUP

(RMB'000)	Audited As at 31 March 2007	Unaudited As at 30 June 2007	Unaudited Proforma As at 31 March 2007	Unaudited Proforma As at 30 June 2007
ASSETS				
Non-current				
Property, plant and equipment	19,024	19,212	19,024	19,212
Intangible assets	5,249	4,959	5,249	4,959
Available-for-sale financial assets	23,000	23,000	23,000	23,000
	47,273	47,171	47,273	47,171
Current				
Inventories	56,621	59,607	56,621	59,607
Trade and other receivables	18,624	42,404	18,624	42,404
Amount owing by related parties	99,863	149,603	99,863	149,603
Amount owing by an investee company (non-trade)	417	517	417	517
Cash and cash equivalents	50,296	50,818	25,296	25,818
	225,821	302,949	200,821	277,949
TOTAL ASSETS	273,094	350,120	248,094	325,120
EQUITY				
Capital and Reserves				
Share capital	83,507	83,507	121,882	121,882
Reserves	58,280	97,176	6,511	45,237
	141,787	180,683	128,393	167,119
LIABILITIES				
Current				
Trade and other payables	49,905	74,455	49,905	74,455
Amount owing to Tat Hong	11,606	11,436	–	–
Amount owing to related parties	56,296	83,546	56,296	83,546
Bank borrowings	13,500	–	13,500	–
	131,307	169,437	119,701	158,001
	273,094	350,120	248,094	325,120
NTA per Share (RMB cents)[1]	41.1	52.9	37.1	48.8

Note:

(1) NTA per Share as at 31 March 2007 and 30 June 2007 have been computed based on the equity attributable to Shareholders and the pre-Invitation share capital of 332,200,000 shares.

Reconciliation of Combined and Pro forma Financial Positions as at 31 March 2007 and 30 June 2007

Under to the Restructuring Exercise, our Company entered into a convertible loan agreement with Mr Sun Tian pursuant to which Mr Sun Tian lent our Company in Singapore dollars an amount equivalent to RMB93.31 million (such Singapore amount being S$18.7 million), on an interest-free basis, for the purpose of acquiring the 70% equity interests in FSYM Construction, of which 60% equity interests was acquired from FYEM and 10% equity interests was acquired from Mr Sun Zhao Lin, for cash. Also in connection with the Restructuring Exercise, a US$1.5 million loan extended by Tat Hong to our Company was capitalised into 96,338,000 new Shares at an aggregate issue price of S$2,181,000. In addition, FSYM Construction made a dividend distribution of RMB25.0 million in August 2007.

The purpose of the pro forma financial statements is to illustrate the effects of the Loan Conversion and the Debt Capitalisation if they had taken place at the beginning of FY2007 in respect of the issuance of 232,540,000 new Shares to Mr Sun Tian and the issuance of 96,338,000 new Shares comprising 70,408,628 new Shares to Tat Hong, and, at Tat Hong's direction, 21,435,205 new Shares to Mr Sun Tian, 3,145,917 new Shares to Mr Lim Kok Yong and 1,348,250 new Shares to Mr Ying Siew Khay Terence, respectively, as well as the Dividend Payment. There is no effect on the amortised cost of the convertible loan as these liabilities are short-term. Arising from the conversion of the convertible loan as if it had been advanced in FY2007 on the premise that the issuance of the said 232,540,000 Shares is at face value, and as a result of the Debt Capitalisation and the Dividend Payment, the equity attributable to Shareholders would decrease by RMB13.4 million to RMB128.4 million as at 31 March 2007 and by RMB13.6 million to RMB167.1 million as at 30 June 2007. For more information, please refer to the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 set out in Appendix C to this Prospectus.

The following financial information presented in Singapore Dollars has been translated for convenience only and has not been audited. These translations are made with reference to the RMB/S$ as a representation that S$1.00 actually represents such RMB or could be converted into RMB at the rates indicated or at any other rate.

RESULTS OF OPERATIONS OF OUR GROUP (TRANSLATED INTO SINGAPORE DOLLARS)[1]

	Audited[2]		Unaudited	
(S$'000)	**FP2006**	**FY2007**	**FY2007Q1**	**FY2008Q1**
Revenue	–	55,102	4,412	31,447
Cost of sales	(2)	(34,179)	(3,029)	(20,509)
Gross (loss) / profit	(2)	20,923	1,383	10,938
Other operating income	1	109	16	43
Administrative expenses	(42)	(2,274)	(455)	(602)
Distribution costs	(155)	(6,867)	(861)	(2,495)
Other operating expenses	(5)	(162)	(35)	(216)
Finance costs	–	(1)	–	(1)
(Loss) / Profit before taxation[3]	(203)	11,728	48	7,667
Taxation	–	–	–	–
Net (loss) / profit attributable to Shareholders[3]	(203)	11,728	48	7,667
EPS for profit attributable to Shareholders during the year / period				
- Basic (cents)[4]	(0.06)	3.53	0.01	2.31
- As adjusted for the Invitation (cents)[5]	●	●	●	●

Notes:

(1) The results of the Group as shown by the unaudited pro forma Group income statement for FY2007 and FY2008Q1 is the same as that shown by the audited combined income statement for FY2007 and the unaudited combined income statement for FY2008Q1. The pro forma Group income statement for FY2007 and FY2008Q1 has been prepared on the basis to show the effects of the Dividend Payment, the Debt Capitalisation and the Loan Conversion since the beginning of FY2007.

(2) The combined financial statements of our Group have been prepared in a manner similar to the "pooling-of-interest" method as if the Restructuring Exercise had been completed on 20 January 2006.

(3) Had the Service Agreements been in place since 1 April 2006, the PBT and profit attributable to Shareholders would have been approximately S$11.4 million.

(4) For comparative purposes, basic EPS has been computed based on the profit attributable to Shareholders for the year and the pre-Invitation share capital of 332,200,000 Shares.

(5) For comparative purposes, EPS as adjusted for the Invitation has been computed based on the profit attributable to Shareholders for the year and the post-Invitation share capital of ● Shares.

FINANCIAL POSITION OF OUR GROUP (TRANSLATED INTO SINGAPORE DOLLARS)

(S$'000)	Audited As at 31 March 2007	Unaudited As at 30 June 2007	Unaudited Proforma As at 31 March 2007	Unaudited Proforma As at 30 June 2007
ASSETS				
Non-current				
Property, plant and equipment	3,735	3,862	3,735	3,862
Intangible assets	1,031	997	1,031	997
Available-for-sale financial assets	4,516	4,623	4,516	4,623
	9,282	9,482	9,282	9,482
Current				
Inventories	11,117	11,981	11,117	11,981
Trade and other receivables	3,657	8,523	3,657	8,523
Amount owing by related parties	19,607	30,071	19,607	30,071
Amount owing by an investee company (non-trade)	82	104	82	104
Cash and cash equivalents	9,876	10,215	4,968	5,190
	44,339	60,894	39,431	55,869
TOTAL ASSETS	53,621	70,376	48,713	65,351
EQUITY				
Capital and Reserves				
Share capital	16,396	16,785	23,931	24,499
Reserves	11,443	19,533	1,279	9,093
	27,839	36,318	25,210	33,592
LIABILITIES				
Current				
Trade and other payables	9,799	14,966	9,799	14,966
Amount owing to Tat Hong	2,279	2,299	–	–
Amount owing to related parties	11,054	16,793	11,054	16,793
Bank borrowings	2,650	–	2,650	–
	25,782	34,058	23,503	31,759
TOTAL EQUITY AND LIABILITIES	53,621	70,376	48,713	65,351
NTA per Share (Cents)[1]	8.1	10.6	7.3	9.8

Note:

(1) NTA per Share as at 31 March 2007 and 30 June 2007 have been computed based on the equity attributable to Shareholders and the pre-Invitation share capital of 332,200,000 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial position and results of operations should be read in conjunction with the full text of this Prospectus, including the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007, Report from the Auditors in relation to the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the financial period from 1 April 2007 to 30 June 2007 and the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and it Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 as set out in Appendices A, B and C to this Prospectus, respectively. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors".

In respect of the acquisition and disposal by our Group (the "**Equity Acquisition**" and "**Equity Disposal**", respectively) of 100% of the equity interests in FS Engineering, as well as the acquisition by our Group of certain assets from FS Engineering (the "**Asset Acquisition**") described in the sections entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" and "Material Contracts" in this Prospectus, no pro forma financial statements have been prepared for the purpose of paragraph 23, Part IX of the SFR Regulations. As the Equity Acquisition and Equity Disposal both took place during the period under review (within a period of approximately only three to four months in 2007) at the same consideration of RMB23.0 million and the value of the Asset Acquisition was only RMB3.0 million, the Independent Auditors are of the view that any pro forma financial statements that may be required arising from pro forma adjustments pursuant to the Equity Acquisition, Equity Disposal and Asset Acquisition will not be different in any material respect from the combined financial statements disclosed in Appendices A and B to this Prospectus and the unaudited pro forma Group financial statements disclosed in Appendix C to this Prospectus.

OVERVIEW

Revenue

We are principally engaged in the design, manufacture and sale of a wide range of towercranes and towercrane components and accessories. In carrying out our business, our Group also offers technical advice and after-sales maintenance services to our customers. Our towercranes are sold mainly to construction equipment distributors and equipment rental companies in the overseas market, and to construction companies and equipment rental companies in PRC. Our towercranes are sold under our own brands "永茂", "YONGMAO" and "SUNCRANE" in the PRC and exported by us and/or our customers to many countries in America such as the United States and Panama, Middle East such as UAE, Saudi Arabia and Bahrain, Europe such as Belgium, UK and Ukraine and Asia such as Hong Kong, Singapore, Indonesia, Thailand and South Korea. We believe we are one of the largest towercrane manufacturers and exporters in PRC.

Our revenue is derived from the manufacturing and sale of the following products:

(1) **Towercranes** comprising various models with a variety of configurations featuring various levels of technology, different free standing heights and jib lengths, and lifting capacities ranging between 80 to 500 tonne metres. Our towercranes are generally classified under four categories as follows:

   (a) *Topless STT* series;
   (b) *ST* series;
   (c) *Luffing STL* series; and
   (d) *Derrick Q* series.

(2) **Towercrane Components and Accessories** which include the steel structural parts of a crane such as jib section, mast section, tower head fixing angle and tie collar. This is complementary to our towercrane manufacturing and sales business. The availability of such items enables our customers to replace worn out or faulty components and to extend the height of the towercranes and the length of the jibs as may be required and in accordance with the specifications of the towercranes.

For more information of our products, please refer to the section entitled "General Information on Our Group - Products" in this Prospectus.

There was no revenue recorded in FP2006 as our Group only commenced manufacturing and sales of towercranes under FSYM Construction in May 2006.

Towercranes accounted for approximately 83.5% and 76.0% of our total revenue for FY2007 and FY2008Q1, respectively. Exports to Europe and America comprise mainly the *Topless STT* series. Sales to other countries comprise both the *Topless STT* series and *ST* series. The *Luffing STL* series and *Derrick Q* series of towercranes are specialty products and sales volume of such towercranes are less compared to the other series of towercranes.

Towercrane components and accessories accounted for approximately 16.5% and 24.0% of our total revenue for FY2007 and FY2008Q1, respectively. This includes sale of raw materials (in particular, steel materials) and towercrane components to Beijian, which accounted for approximately 11.4% and 22.4% of our total revenue for FY2007 and FY2008Q1, respectively. Subsequent to the Beijian Manufacturing Agreement entered between FSYM Construction and Beijian in December 2007, we ceased the supply of towercrane components to Beijian, save for steel materials which will be supplied to it at cost. Please refer to the section entitled "Interested Person Transactions" on pages 140 to 141 of this Prospectus for further information. In FY2007 and FY2008Q1, net profit attributable to such sales amounted to approximately RMB4.9 million and RMB5.7 million, respectively.

In FY2007, approximately 92.2% of our revenue from towercranes was derived from the overseas market. In FY2008Q1, all our towercranes were sold to overseas customers. Most of our shipments were based on Cost & Freight terms and the freight component is included in our revenue.

Overall, revenue from overseas markets including towercranes and towercrane components and accessories, constitute approximately 78.0% and 76.5% of our total revenue for FY2007 and FY2008Q1, respectively.

Our export sales are mainly denominated in US$ and Euro, while our local sales are denominated in RMB.

Our revenue is recognised upon the delivery and acceptance of our products, and is recognised net of value-added tax, returns and discounts, if any.

Factors that may affect our revenue include the following:

1. *Cyclical fluctuations of the construction industry and increase in demand for used cranes*

   The demand and market for towercranes that we manufacture is dependent on the growth of the construction industry which is cyclical in nature due to factors such as economic conditions and change of government polices which are beyond our control. A downturn in the construction industry in the countries where we export to will have a significant adverse impact on our business and revenue if we are unable to mitigate the risk by diversifying our customer base and the countries we sell to.

   Further, any increase in the supply of, or in the demand for, used cranes in the construction industry may have an adverse impact on our business.

2. *Ability to maintain and improve our competitive strengths*

We operate in a competitive market. Our competitors include both local and foreign companies who may have greater financial and other resources than we do. If we are unable to maintain our competitive advantage in pricing and product quality, and compete successfully against our competitors and any new entrants to this industry, our business and revenue will be adversely affected.

3. *Ability to obtain or renew the necessary operating licences, certifications and approvals*

Group holds various licences and permits issued, by the PRC Government authorities or departments, that enable us to conduct our operations and business in the PRC. We are also required to obtain the necessary certifications relating to the performance and safety standards of each model of our towercranes from the relevant authorities of certain countries where we export to. If for any reason, our licences and permits are suspended or we are unable to renew such licences and permits, or we fail to retain our certifications or obtain new certification for the different models of our products, our business and revenue will be adversely affected.

4. *Ability to retain existing customers and secure new quality customers*

Our sales are mainly contributed by foreign construction equipment distributors. Please refer to the section entitled "General Information on Our Group – Major Customers" in this Prospectus for information on our major customers. Our continued growth is dependent on our ability to retain existing customers and secure new customers.

Cost of sales

Our cost of sales comprises mainly direct materials, direct labour and manufacturing overheads. The breakdown of our cost of sales for FY2007, FY2007Q1 and FY2008Q1 is as follows:

	FP2006		**FY2007**		**FY2007Q1**		**FY2008Q1**	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Direct Materials		–	159,479	92.4	13,217	86.5	97,691	94.6
Direct Labour		–	6,257	3.6	1,391	9.1	2,612	2.5
Manufacturing Overheads	(9)	100.0	6,860	4.0	666	4.4	2,957	2.9
Total	(9)	100.0	172,596	100.0	15,274	100.0	103,260	100.0

Key components of our direct materials include (i) steel materials, including steel plates, angle bars, round bars, seamless pipes, I beams, H beams, C channels, (ii) electrical components such as winches, motors, gear boxes, contactors, (iii) ancillaries such as fish-plates, connecting pins, forging parts, and (iv) cost of towercrane units purchased from Beijian.

Cost of steel materials accounted for approximately 45.7% and 43.0% of total cost of direct materials for FY2007 and FY2008Q1, respectively. Our weighted average cost of steel materials in FY2007 and FY2008Q1 was approximately RMB4,114 per tonne and RMB4,071 per tonne, respectively. Our steel materials are sourced from suppliers in the PRC.

On average, electrical components accounted for approximately 28.0% of our cost of direct materials over the past financial year/period.

In FY2007 and FY2008Q1, we also engaged the services of Beijian to manufacture certain of our towercranes in order to increase our production capacity. The cost of towercrane units supplied by Beijian amounted to approximately 13.4% and 24.3% of our cost of sales in FY2007 and FY2008Q1.

Direct labour includes salaries and defined contribution plan of personnel involved in production. Manufacturing overheads comprise mainly depreciation of plant and equipment, consumables, electricity, repairs and maintenance, machining and galvanising costs and incidental expenses. In FP2006, the Group's cost of sales included start-up costs relating to manufacturing activities being charged to combined income statement as the Company had not commenced production. The decreasing trend for direct labour and manufacturing overheads over the financial periods under review were mainly attributable to economy of scale as production volume increased.

Factors that may affect our cost of sales include the following:

1. *The prices of raw materials and towercrane components*

   Steel materials and electrical components are our major raw materials and towercrane components. In the event that our suppliers are unable to provide us with sufficient raw materials and towercrane components and if we are unable to seek alternative sources of supply at comparable or competitive prices and in a timely manner, our business and profit margins may be adversely affected.

2. *Ability to reap economies of scale*

   We may be able to reap further economies of scale in purchases of direct materials and other direct costs if and when we increase our production level.

3. *Increased depreciation charge of manufacturing facilities*

   Increase in manufacturing facilities to expand our production capacities will result in higher depreciation charge and manufacturing overheads. If we are unable to increase our business and revenue in tandem, our profit margins will be adversely affected.

Gross profit and gross profit margin

Gross profit margin is an indication of our ability to hold our pricing to our customers and control our cost of sales. Our gross profit margin for our respective product lines may vary according to specifications and market conditions, and therefore our overall gross profit margin may fluctuate if there is a change in product mix.

Our overall gross profit margin was approximately 38.0% and 34.8% for FY2007 and FY2008Q1, respectively. Our gross profit is contributed mainly from sale of towercranes. The average gross profit margin for our towercranes for FY2007 and FY2008Q1 were approximately 41.3% and 40.5%, respectively.

Other operating income

Other operating income comprises mainly interest income from bank deposits, processing fees from machining and milling services, design service fees, and miscellaneous income. Total other operating income for FY2007 and FY2008Q1 represents approximately 0.2% and 0.1% of our total revenue for FY2007 and FY2008Q1, respectively.

Administrative expenses

Administrative expenses comprise mainly employee benefit costs relating to management and administrative staff, office expenses, amortisation of intangible assets, travelling expenses, depreciation expense and repair and maintenance costs. The biggest component is employee benefit costs which represent 48.1% and 37.2% of our total administrative expenses for FY2007 and FY2008Q1, respectively. Employee benefit costs are dependent primarily on headcount, salary levels and labour market conditions.

Distribution costs

Distribution costs comprise mainly transportation and freight expenses, operating lease rentals, sales service expenses, employee benefit costs relating to sales and marketing personnel, and depreciation expense. Transportation and freight expenses were approximately RMB27.5 million and RMB10.7 million for FY2007 and FY2008Q1, respectively and accounted for approximately 79.3% and 85.4% of our total distribution costs for FY2007 and FY2008Q1, respectively. This represents approximately 9.9% and 6.8% of our revenue for FY2007 and FY2008Q1, respectively. Transportation and freight expenses are dependent primarily on the freight rates and destination of shipment.

Other operating expenses

Other operating expenses comprise mainly exchange loss, bank charges and other miscellaneous expenses. Bank charges relate mainly to negotiation of letter of credits and telegraphic transfer services for payments from overseas customers.

Finance costs

Our finance costs comprise interest expense. Effective interest rate was 6.23% per annum in FY2007 and 4.27% per annum for FY2008Q1.

Taxation

Our Company is subject to Singapore corporate tax. For FY2007 and FY2008Q1, no provision for Singapore tax was made as we did not derive any significant taxable profit in Singapore since our incorporation.

Our subsidiary, FSYM Construction, was converted to a Sino-Foreign equity joint venture on 20 January 2006. According to the then prevailing PRC 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 such enterprise is making profit. FSYM Construction was granted such incentive with effect from 13 July 2006. The first year of tax exemption commenced in the calendar year of 2006.

As a result of the above, our Group did not incur any income tax expense for FY2007 and FY2008Q1.

REVIEW OF PAST OPERATING PERFORMANCE

For the purpose of discussion, we have segmented our revenue, gross profit and gross profit margins by product category. We have also segmented our revenue by geographical locations of our customers for the financial period ended 31 March 2006, the financial year ended 31 March 2007 and the three months ended 30 June 2006 and 2007.

Revenue by Product Category

	FP2006		FY2007		FY2007Q1		FY2008Q1	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Towercranes	–	–	232,405	83.5	21,173	95.2	120,285	76.0
Towercrane components and accessories	–	–	45,851	16.5	1,072	4.8	38,047	24.0
Total	–	–	278,256	100.0	22,245	100.0	158,332	100.0

Gross Profit and Gross Profit Margin by Product Category

	FP2006[1]		FY2007		FY2007Q1		FY2008Q1	
	Gross Profit RMB'000	**Gross Margin** %	**Gross Profit** RMB'000	**Gross Margin** %	**Gross Profit** RMB'000	**Gross Margin** %	**Gross Profit** RMB'000	**Gross Margin** %
Towercranes	–	–	95,978	41.3	6,652	31.4	48,748	40.5
Towercrane components and accessories	–	–	9,682	21.1	319	29.8	6,324	16.6
Total	(9)	–	105,660	38.0	6,971	31.3	55,072	34.8

Note:

(1) Cost of sales in FP2006 was mainly manufacturing start-up costs charged to combined income statement and was not attributable to the sale of towercranes or towercrane accessories.

Revenue by Geographical Locations of our Customers

	FP2006		FY2007		FY2007Q1		FY2008Q1	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Asia (other than PRC) and Middle East[1]	–	–	133,933	48.1	12,804	57.6	64,719	40.9
America and Europe[2]	–	–	83,256	29.9	7,793	35.0	56,402	35.6
PRC	–	–	61,067	22.0	1,648	7.4	37,211	23.5
Total			278,256	100.0	22,245	100.0	158,332	100.0

Gross Profit and Gross Profit Margin by Geographical Locations of our Customers

	FP 2006		FY2007		FY2007Q1		FY2008Q1	
	Gross Profit RMB'000	**Gross Margin** %	**Gross Profit** RMB'000	**Gross Margin** %	**Gross Profit** RMB'000	**Gross Margin** %	**Gross Profit** RMB'000	**Gross Margin** %
Asia (other than PRC) and Middle East[1]	–	–	49,794	37.2	3,944	30.8	19,600	30.3
America and Europe[2]	–	–	39,452	47.4	2,531	32.5	29,371	52.1
PRC			16,414	26.9	496	30.1	6,101	16.4
Total	(9)	–	105,660	38.0	6,971	31.3	55,072	34.8

Notes:

(1) Asia (other than the PRC) and Middle East include countries such as Hong Kong, Singapore, Indonesia, Thailand, South Korea, UAE, Saudi Arabia and Bahrain.

(2) America and Europe include countries such as U.S., Panama, Belgium, UK and Ukraine.

FY2007 vs FP2006

Revenue

No revenue was recorded in FP2006 as our Group only commenced manufacturing and sales activities under FSYM Construction in May 2006.

In FY2007, we achieved revenue of approximately RMB278.3 million, of which approximately RMB232.4 million or 83.5% were derived from sale of towercranes and approximately RMB45.9 million were from sales of towercrane components and accessories. Approximately 78.0% of total revenue was attributed to overseas markets in Asia, Middle East, America and Europe and the balance 22.0% was sold to domestic PRC customers. We sold an aggregate of 170 units of towercranes in FY2007. Revenue contribution from *Topless STT* towercranes, *ST* towercranes, *Luffing STL* towercranes and *Derrick Q* towercranes accounted for approximately 49.9%, 31.3%, 2.1% and 0.2% of our total revenue in FY2007, respectively. Of the sale of towercrane accessories, approximately RMB31.7 million was attributed to sale of steel materials and towercrane components to Beijian.

Cost of sales and gross profit

As we commenced manufacturing and sales activities under FSYM Construction only in May 2006, our cost of sales of approximately RMB9,000 in FP2006 was a result of manufacturing start-up costs being charged to the combined income statement. Cost of sales increased to approximately RMB172.6 million in FY2007 following our commencement of manufacturing in May 2006. Direct materials accounted for a total of approximately 92.4% of our total cost of sales and the balance was attributable to the costs of direct labour and manufacturing overheads.

We achieved gross profit of approximately RMB105.7 million in FY2007. Gross profit contribution from towercranes and towercrane components and accessories accounted for approximately 90.8% and 9.2% of our total gross profit, respectively. Our average gross profit margin for towercranes was approximately 41.3% and 21.1% for towercrane components and accessories. We achieved higher gross profit margin of approximately 47.4% from Europe and America as compared to approximately 37.2% from Asia and Middle East, mainly due to difference in product mix. In FY2007, towercranes sold to America and Europe comprised mainly *Topless STT* series towercranes whilst sales of towercranes to Asia and Middle East comprised both *Topless STT* series and *ST* series towercranes. Generally, the profit margin for our *Topless STT* series towercranes is higher than that for the *ST* series. We achieved approximately 26.9% gross profit margin from the PRC mainly because approximately 70.2% of sales to PRC comprised towercrane components and accessories.

Other operating income

Other income increased from approximately RMB2,000 in FP2006 to approximately RMB0.5 million in FY2007 mainly due to processing fees, design fees and miscellaneous income of approximately RMB0.3 million, which were incidental to our business activities (which commenced in May 2006), and the increase in interest income from approximately RMB2,000 in FP2006 to approximately RMB0.2 million in FY2007.

Administrative expenses

Administrative expenses increased by approximately RMB11.3 million from approximately RMB0.2 million in FP2006 to approximately RMB11.5 million in FY2007 as our manufacturing operations started only in May 2006. Employee benefit costs of RMB5.5 million, depreciation and amortisation expenses totalling approximately RMB1.7 million and office related expenses of approximately RMB1.7 million accounted for approximately 79.0% of the increase in administrative expenses.

Distribution costs

Distribution costs increased by approximately RMB33.9 million from approximately RMB0.8 million in FP2006 to approximately RMB34.7 million in FY2007. In FP2006, we only incurred operating lease rental of RMB0.75 million for a 2.5 month-period. Operating lease rental increased to RMB3.6 million in FY2007 for full year rental. Transportation and freight costs of approximately RMB27.5 million in FY2007 accounted for approximately 81.1% of the increase in distribution costs. There were no transportation and freight costs incurred in FP2006 as we only commenced our business in May 2006.

Other operating expenses

Other operating expenses increased from approximately RMB26,000 in FP2006 to approximately RMB0.8 million in FY2007 mainly due to increase in exchange loss of approximately RMB0.3 million and bank charges of approximately RMB0.3 million.

Finance costs

Our interest expense for both FP2006 and FY2007 were not significant.

Profit before tax

As a result of the above, we achieved a profit before tax of approximately RMB59.2 million in FY2007 compared to a loss of approximately RMB1.0 million in FP2006. Profit before tax margin was approximately 21.3% for FY2007.

Taxation

We did not incur any income tax expense in FY2007 as our profit derived from our operating subsidiary in the PRC was tax exempt.

FY2008Q1 vs FY2007Q1

Revenue

Our revenue increased by approximately RMB136.1 million or 611.8% from approximately RMB22.2 million in FY2007Q1 to approximately RMB158.3 million in FY2008Q1. The strong revenue growth was attributed to an increase in revenue of RMB99.1 million from towercranes and an increase in revenue of RMB37.0 million from towercrane components and accessories. The increase in revenue was due to the increase in demand for our products, as our products gained more recognition in the market place following the commencement of our business operations in May 2006. In addition, we received an increase in orders for our towercranes from new and existing overseas customers as a result of the growth in the construction industries in their respective countries, such as Middle East and U.S.. In FY2008Q1, we sold a total of 82 units of towercranes compared to 16 units of towercranes in FY2007Q1. Furthermore, as we commenced operations in May 2006, our revenue in FY2007Q1 related to an operating period of less than two-months as compared to three-month operating results in FY2008Q1.

We also supplied towercrane components of approximately RMB35.5 million to Beijian in the PRC in FY2008Q1. We did not supply such products to Beijian in FY2007Q1.

Cost of sales and gross profit

Our cost of sales increased by approximately RMB88.0 million or 576.1% from approximately RMB15.3 million in FY2007Q1 to approximately RMB103.3 million in FY2008Q1 mainly due to an increase in our sales. Increase in direct materials of approximately RMB84.5 million or 639.1% was generally a result of an increase in sales. Cost of direct materials as a percentage of revenue increased from approximately 59.4% in FY2007Q1 to approximately 61.7% in FY2008Q1 due mainly to higher usage of direct materials. Direct labour as a percentage of revenue decreased by approximately 4.6 percentage points from approximately 6.3% in FY2007Q1 to approximately 1.7% in FY2008Q1 and manufacturing overheads as a percentage of revenue decreased by approximately 1.1 percentage point from approximately 3.0% in FY2007Q1 to approximately 1.9% in FY2008Q1 mainly attributable to increase in efficiency and economy of scale.

Gross profit rose by approximately RMB48.1 million or 690.0% from approximately RMB7.0 million in FY2007Q1 to approximately RMB55.1 million in FY2008Q1 as a result of increase in revenue and average gross profit margin. Our average gross profit margin in FY2008Q1 was approximately 34.8% as compared to 31.3% in FY2007Q1. This increase was mainly a result of higher gross profit margin for towercranes. Our average gross profit margin for towercranes increased from approximately 31.4% in FY2007Q1 to approximately 40.5% in FY2008Q1, mainly because direct labour costs and manufacturing

overheads increased at a slower rate compared to our revenue growth as mentioned above. In addition, we sold a higher proportion of higher margin towercranes (i.e. the *Topless STT* series and enhanced models) in FY2008Q1 as compared to FY2007Q1. Average gross profit margin for towercrane components and accessories decreased from approximately 29.8% in FY2007Q1 to approximately 16.6% in FY2008Q1 because the proportion of lower margin towercrane components and accessories sold in FY2008Q1 was higher than those sold in FY2007Q1.

Other operating income

Other operating income increased by approximately RMB0.1 million in FY2008Q1 due mainly to increase in interest income of approximately RMB49,000 and miscellaneous income.

Administrative expenses

Administrative expense increased by approximately RMB0.7 million or 32.1% from approximately RMB2.3 million in FY2007Q1 to approximately RMB3.0 million in FY2008Q1 mainly due to increase in depreciation charge of approximately RMB0.3 million as a result of additions of motor vehicles and equipment, and increase in travelling expenses of approximately RMB0.2 million and repair and maintenance of approximately RMB0.2 million.

Distribution costs

Distribution costs increased by approximately RMB8.2 million or 189.3% from approximately RMB4.3 million in FY2007Q1 to approximately RMB12.5 million in FY2008Q1 mainly due to increase in freight and transportation expenses in tandem with an increase in our sales. Increase in freight costs amounted to approximately RMB7.9 million or 95.6% of the total increase in distribution costs.

Other operating expenses

Other operating expenses increased by approximately RMB0.9 million from approximately RMB0.2 million in FY2007Q1 to approximately RMB1.1 million in FY2008Q1 mainly due to increase in exchange loss of approximately RMB0.8 million and increase in bank charges of approximately RMB0.1 million.

Finance costs

Finance costs for the periods under review amounted to approximately RMB5,000.

Profit before tax

As a result of the above, our profit before tax grew from approximately RMB0.2 million in FY2007Q1 to approximately RMB38.6 million in FY2008Q1. Our net profit margin before tax improved from approximately 1.1% in FY2007Q1 to approximately 24.4% in FY2008Q1, mainly because manufacturing and sales activities commenced in May 2006 whilst some fixed manufacturing overheads and operating expenses accrued for the full three-month period in FY2007Q1. Additionally, we enjoyed economy of scale in FY2008Q1 and operating expenses did not increase correspondingly with our strong revenue growth.

Taxation

We did not incur any income tax expense in FY2007Q1 and FY2008Q1 as our profit derived from our operating subsidiary in the PRC was tax exempt.

REVIEW OF FINANCIAL POSITION

Non-current Assets

Our non-current assets comprise property, plant and equipment, intangible assets and available-for-sale financial assets.

As at 31 March 2007, our non-current assets amounted to approximately RMB47.3 million or 17.3% of our total assets, comprising property, plant and equipment of approximately RMB19.0 million, intangible assets of approximately RMB5.3 million and available-for-sale financial assets of approximately RMB23.0 million.

Our property, plant and equipment comprised plant structure and renovation of approximately RMB2.0 million, plant and machinery of approximately RMB9.3 million, motor vehicles of approximately RMB6.6 million and electronic equipment of approximately RMB1.1 million. Our intangible assets relate to trademarks and patents. Available-for-sale financial assets relate to shares in FS Engineering. Please refer to the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this for further information.

As at 30 June 2007, our non-current assets amounted to approximately RMB47.2 million or 13.5% of our total assets, comprising property, plant and equipment of approximately RMB19.2 million, intangible assets of approximately RMB5.0 million and available-for sale financial assets of approximately RMB23.0 million.

The change was due to additions of motor vehicles and plant and machinery totalling approximately RMB1.2 million, offset by depreciation charge of approximately RMB1.0 million and amortisation charge of intangible asset of approximately RMB0.3 million.

Current Assets

Our current assets comprise inventories, trade and other receivables, amounts owing by related parties and by an investee company and cash and cash equivalents.

As at 31 March 2007, our current assets amounted to approximately RMB225.8 million or 82.7% of our total assets, comprising inventories of approximately RMB56.6 million, trade and other receivables of approximately RMB18.6 million, amounts owing by related parties of approximately RMB99.9 million, amount owing by an investee company (which refers to FS Engineering) of approximately RMB0.4 million and cash and cash equivalents of approximately RMB50.3 million.

As at 30 June 2007, our current assets amounted to approximately RMB302.9 million or 86.5% of our total assets, comprising inventories of approximately RMB59.6 million, trade and other receivables of approximately RMB42.4 million, amounts owing by related parties of approximately RMB149.6 million, amount owing by an investee company (which refers to FS Engineering) of approximately RMB0.5 million and cash and cash equivalents of approximately RMB50.8 million.

The increase in trade and other receivables was mainly due to an increase in trade receivables of approximately RMB19.0 million as a result of higher sales at the end of the financial period, and an increase in advances amounting to approximately RMB5.4 million made to a supplier of raw materials. For amounts owed by related parties and an investee company (which refers to FS Engineering), please refer to the section entitled "Interested Person Transactions" in this Prospectus for further information.

Our cash and cash equivalents are denominated mainly in RMB and US$. Amount denominated in RMB constituted approximately 56.8% and 63.7% of our total cash and cash equivalents at 31 March 2007 and at 30 June 2007, respectively.

Current Liabilities

Our current liabilities comprise mainly trade and other payables, amounts owing to related parties and bank borrowings.

As at 31 March 2007, our current liabilities amounted to approximately RMB131.3 million, comprising trade and other payables of approximately RMB49.9 million, amount owing to Tat Hong of approximately RMB11.6 million, amounts owing to related parties of approximately RMB56.3 million and bank borrowings of RMB13.5 million.

As at 30 June 2007, our current liabilities amounted to approximately RMB169.4 million, comprising trade and other payables of approximately RMB74.5 million, amount owing to Tat Hong of approximately RMB11.4 million and amounts owing to related parties of approximately RMB83.5 million.

Bank borrowings of RMB13.5 million as at 31 March 2007 were fully repaid on 3 April 2007. Trade and other payables increased by approximately RMB24.6 million due mainly to an increase in trade payables of approximately RMB16.4 million, an increase in value added tax of approximately RMB2.8 million and an increase in advances from customers of approximately RMB6.2 million. The increase in our current liabilities was due to an increase in business activities. Such increases were offset by reduction of accruals and other payables of approximately RMB0.8 million. For amounts owed to related parties, please refer to the section entitled "Interested Person Transactions" in this Prospectus for further information.

Shareholders' Equity

As at 31 March 2007, our shareholders' equity of approximately RMB141.8 million comprised share capital of approximately RMB83.5 million, statutory common reserves of approximately RMB5.6 million, retained profits of approximately RMB52.6 million and exchange fluctuation reserve of approximately RMB43,000.

As at 30 June 2007, our shareholders' equity increased by approximately RMB38.9 million to approximately RMB180.7 million due to increase in net profit of approximately RMB38.6 million, of which approximately RMB3.7 million was transferred to statutory common reserves, and a credit of approximately RMB0.3 million to exchange fluctuation reserves.

LIQUIDITY AND CAPITAL RESOURCES

Our sources of funds may be categorised into internal and external sources of funds. Internal sources of funds refer to cash generated from our operating activities. External sources of funds comprise mainly shareholders fund and advances from shareholders and directors, credit granted by our suppliers and borrowings from financial institutions.

These sources of funds are used to finance our operations. The principal uses of these funds are for working capital purposes such as payment for raw materials, financing of trade receivables and operating expenses, and for capital expenditure.

As at 30 June 2007 and the Latest Practicable Date, our cash and bank balances amounted to approximately RMB50.8 million and RMB54.8 million, respectively, and we had no external bank borrowings.

For further information, please refer to the section entitled "Capitalisation and Indebtedness" in this Prospectus.

We set out below a summary of our cash flows for FP2006, FY2007, FY2007Q1 and FY2008Q1.

(RMB'000)	FP2006	FY2007	FY2007Q1	FY2008Q1
Cash flows from operating activities				
(Loss) / Profit before income tax	(987)	59,224	239	38,603
Adjustments for working capital changes, amortisation and depreciation, interest, income tax paid, and exchange translation	(637)	(24,883)	(38,665)	(12,536)
Net cash (used in)/generated from operating activities	(1,624)	34,341	(38,426)	26,067
Net cash generated from/(used in) investing activities	2	(32,996)	(2,016)	(1,132)
Net cash generated from/(used in) financing activities	14,437	36,136	38,181	(24,413)
Net increase/(decrease) in cash and cash equivalents	12,815	37,481	(2,261)	522
Cash and cash equivalents at beginning of period/year	–	12,815	12,815	50,296
Cash and cash equivalents at end of period/year	12,815	50,296	10,554	50,818

FP2006

In FP2006, net cash used in operating activities before working capital changes was approximately RMB1.0 million. Working capital changes of approximately RMB0.6 million was a result of an increase in operating receivables of approximately RMB1.7 million, offset by an increase in operating payables of approximately RMB1.1 million. As a result, our cash used in operating activities amounted to approximately RMB1.6 million.

We generated net cash of approximately RMB2,000 from investing activities as a result of interest received.

Cash from financing activities of approximately RMB14.4 million was a result of capital contribution from shareholders amounting to approximately RMB5.0 million as well as net advances of approximately RMB9.4 million from related parties.

FY2007

In FY2007, we generated net cash of approximately RMB62.6 million from operating activities before working capital changes. Working capital changes of approximately RMB28.3 million was a result of an increase in inventories of approximately RMB56.6 million and operating receivables of approximately RMB64.9 million, offset by an increase in operating payables of RMB93.2 million. As a result, our net cash from operating activities amounted to approximately RMB34.3 million.

In FY2007, we acquired available-for-sale financial assets relating to FS Engineering for cash consideration of approximately RMB23.0 million, and utilised approximately RMB10.2 million for acquisition of property, plant and equipment. After interest received of approximately RMB0.2 million, net cash used in investing activities amounted to approximately RMB33.0 million.

We generated net cash of approximately RMB36.1 million from financing activities in FY2007 through capital contribution by Shareholders totalling approximately RMB64.9 million, bank borrowings of RMB13.5 million, advances of approximately RMB2.9 million from related parties and RMB1.5 million from a director, and after advances of approximately RMB44.8 million to related parties and repayment of approximately RMB1.9 million to Tat Hong.

FY2008Q1

We generated net cash of approximately RMB40.0 million from operating activities before working capital changes in FY2008Q1. Working capital changes of approximately RMB13.9 million was a result of increase in inventories of RMB3.0 million, increase in operating receivables of RMB64.0 million, offset by increase in operating payables of RMB53.1 million. As result, our net cash from operating activities amounted to approximately RMB26.1 million.

In FY2008Q1, we acquired plant and equipment and motor vehicles of RMB1.2 million and received interest payment of approximately RMB52,000. This resulted in net cash used in investing activities of approximately RMB1.1 million.

Net cash used in financing activities in FY2008Q1 amounted to approximately RMB24.4 million as a result of repayment of bank borrowings of RMB13.5 million, repayment of approximately RMB1.2 million to related parties and advances to related parties of approximately RMB9.7 million.

CAPITAL EXPENDITURES AND DIVESTMENTS

The material capital expenditure and divestments of our Group for FP2006, FY2007, FY2008Q1 and for the period from 1 July 2007 to the Latest Practicable Date were as follows:

(RMB'000)	FP2006	FY2007	FY2008Q1	1 July 2007 to the Latest Practicable Date
CAPITAL EXPENDITURE				
Plant structure	–	590	–	–
Plant and machinery	–	4,504	107	3,149
Motor vehicles	–	6,945	1,032	1,043
Electronic system and equipment	–	610	45	135
Renovation	–	1,485	–	–
Construction-in-progress				79,168
Intangible assets	–	–	–	1,000
	–	14,134	1,184	84,495
Available-for-sale financial assets	–	23,000	–	–
	–	37,134	1,184	84,495
DIVESTMENT				
Plant structure	–	–	2	–
Plant and machinery	–	–	–	404
Available-for-sale financial assets	–	–	–	23,000
	–	–	2	23,404

The above capital expenditure in FY2007 and FY2008Q1 of approximately RMB37.1 million and RMB 1.2 million, respectively was financed through a combination of shareholders funds, internal generated funds and advances from Shareholders.

From 1 July 2007 to the Latest Practicable Date, our capital expenditure of approximately RMB3.0 million pertained to acquisition of the plant and machinery and intangible assets, and divestment of available-for-sale financial assets of RMB23.0 million related to our investments in FS Engineering. Please refer to the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus for further information.

Capital Commitments

As at 30 June 2007 and the Latest Practicable Date, capital commitments contracted for but not recognised in the financial statements are as follows:

	30 June 2007 RMB'000	Latest Practicable Date RMB'000
Purchase of land at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC	12,000 (1)	4,593 (1)
Construction of new manufacturing facility	110,000 (2)	44,288 (2)
	122,000	48,881

Notes:

(1) It is intended that this amount will be funded by internal resources.

(2) It is intended that this amount will be funded by internal resources and part of the proceeds of the Invitation.

Please also refer to the sections entitled "Use of Proceeds and Expenses of the Invitation" and "General Information on Our Group – Future Plans" in this Prospectus.

Operating Lease Commitments

Our operating lease commitments comprise mainly non-cancellable operating leases for leasehold land, and office and factory premises at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province, PRC and our Beijing office. The leasing of these assets was mainly financed from funds generated from operations.

Our lease commitments as at 31 March 2006, 31 March 2007, 30 June 2007 and as at the Latest Practicable Date are as follows:

(RMB'000)	31 March 2006	31 March 2007	30 June 2007	As at the Latest Practicable Date
Not later than one year	3,600	3,850	4,150	5,366
Later than one year and not later than five years	18,250	19,200	19,200	24,944
Later than five years	23,000	18,200	17,000	28,667

FOREIGN EXCHANGE MANAGEMENT

Accounting treatment of foreign currencies

The accounting records of the companies in our Group are maintained in their respective measurement currencies.

Our reporting currency is in RMB. Assets and liabilities in foreign currencies are translated into RMB at rates of exchange closely approximately those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates.

Foreign Exchange Exposure

We also transact in US$, Euro and S$. As a result we are exposed to foreign currency fluctuations arising from our operations.

The proportion of our sales denominated in US$ in FY2007 and FY2008Q1 were approximately 64.7% and 62.8%, respectively.

The proportion of our sales denominated in Euros in FY2007 and FY2008Q1 were approximately 13.3% and 13.7%, respectively.

The balance of our sales is denominated mainly in RMB in the respective financial year/period.

Our purchases were denominated mainly in RMB in the respective financial year/period.

Our net foreign exchange gains/(losses) are as follows:

(RMB'000)	**FP2006**	**FY2007**	**FY2007Q1**	**FY2008Q1**
Foreign exchange gain/(loss) - trade	3	(187)	(86)	(856)
Foreign exchange (loss) - non-trade	(12)	(79)	(80)	(120)
	(9)	(266)	(166)	(976)

Our foreign exchange exposure for non-trade transactions was mainly due to loans due to shareholders denominated in US$ and S$.

Currently we do not have a formal hedging policy with respect to our foreign exchange exposure. We have not used any financial hedging instruments to manage our foreign exchange risk. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies from FP2006 to FY2007. Please refer to the section entitled "Summary of Significant Accounting Policies in the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007" set out in Appendix A to this Prospectus for details on our Group's accounting policies.

The adoption of the Singapore Financial Reporting Standards ("**FRS**") including related Interpretations ("**INT FRS**") in the preparation of the interim combined financial statements set out in Appendix B to this Prospectus did not result in substantial changes to our 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: Disclosure Implementation Guidance". The specific transitional provisions contained in some of these new or revised FRS have been considered. There is no effect on the adoption of financial guarantees on the interim combined financial statements set out in Appendix B to this Prospectus.

DIVIDEND POLICY

Save for a declaration of dividend of S$1.0 million in 20 November 2007 in respect of the current financial year payable to persons registered as shareholders of our Company as at 30 September 2007 (which has not been paid as at the Latest Practicable Date), our Company has not declared or distributed any dividend on our Shares since its incorporation in 2005. FSYM Construction paid dividends of RMB25.0 million in August 2007 (the "**Dividend Payment**").

Currently, we do not have a fixed dividend policy. For the current financial year ending 31 March 2008, our Board does not intend to recommend the payment of any dividend. The form, frequency and amount of future dividends on our Shares, if any, will depend on our Group's earnings and financial position, our results of operations, our capital needs, our plans for expansion and other factors as our Directors may deem appropriate.

We may declare dividends by ordinary resolution of our Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare interim dividends without seeking Shareholders' approval. We must pay all dividends out of our profits.

There is no assurance that dividends will be paid in future, or of the amount or timing of any dividends that will be paid. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends.

Information relating to Singapore taxation in respect of dividends is set out in Appendix H to this Prospectus. In respect of payment of dividends by our subsidiary, FSYM Construction, please refer to the information under the heading "We may be adversely affected, including unable to receive dividends from our PRC subsidiary, by changes in the PRC foreign exchange controls and by failure of our Shareholders to comply with PRC foreign exchange control rules or requirements" in the section entitled "Risk Factors – Risks relating to the PRC" and the section entitled "Exchange Controls" in this Prospectus.

EXCHANGE CONTROLS

The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to our operations or business in Singapore and the PRC. Prospective investors should consult their own legal advisors concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as at the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant authorities or the courts could later disagree with the explanations or conclusions set out below.

While there are certain foreign exchange controls in the PRC as discussed below, as at the Latest Practicable Date, these foreign exchange controls have not had any material adverse effect on the repatriation of dividends, interest or other payments from our subsidiary in the PRC to our Company, nor have they had any material adverse effect on our Company's cash flow.

Singapore

Singapore has an Exchange Control Act, Chapter 99 of Singapore which seeks to confer powers, and impose duties and restrictions, in relation to gold, currency, payments, securities, debts and the import, export, transfer and settlement of property, and for purposes connected with those matters.

However, the Authority has on 25 May 1978 issued a notice stating, *inter alia*, that with effect from 1 June 1978, all persons are exempted from the provisions, obligations, etc. imposed under various sections of the Exchange Control Act and therefore, no exchange control formalities or approvals are required for all forms of payments or capital transfers.

The PRC

Major reforms have been introduced to the foreign exchange control system of the PRC since 1993.

On 28 December 1993, the People's Bank of China（中国人民银行）("**PBOC**"), with the authorisation of the State Council issued the Notice on Further Reform of the Foreign Exchange Control System and on 26 March 1994, the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange, both which came into effect on 1 April 1994. On 29 January 1996, the State Council promulgated the Rules of the People's Republic of China on Foreign Exchange Control which took effect on 1 April 1996. Other new regulations and implementation measures include the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange which were promulgated on 20 June 1996 and took effect on 1 July 1996 and which contain detailed provisions regulating the settlement, sale and payment of foreign exchange by enterprises, individuals, foreign organisations and visitors in the PRC and the PRC Foreign Exchange Administration Regulations which were promulgated on 29 January 1996 and took effect on 1 April 1996 and which contain detailed provisions in relation to foreign exchange control.

On 21 July 2005, the PBOC issued the Public Announcement of the PBOC on Reforming the RMB Exchange Rate Regime, which stated that from 21 July 2005 China will reform the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. RMB will no longer be pegged to the U.S. dollar and the RMB exchange rate regime will be improved with greater flexibility.

Under these new regulations, the previous dual exchange rate system for RMB was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The PBOC publishes the RMB exchange rates against the U.S. dollar daily and other major foreign currencies daily. Such rate is to be set by reference to the RMB/US$ and other major foreign currencies trading price on the previous day on the inter-bank foreign exchange market.

The foreign exchange earnings of all PRC enterprises, other than those of FIEs who are allowed to retain a part of their regular foreign exchange earnings or specifically exempted under the relevant regulations, are to be sold to designated banks. Foreign exchange earnings obtained from borrowings from foreign institutions or issues of shares or bonds denominated in foreign currency need not be sold to designated banks, but must be kept in foreign exchange bank accounts of designated banks unless specifically approved otherwise.

At present, control of the purchase of foreign exchange is relaxed. Enterprises within the PRC which require foreign exchange for their ordinary trading and non-trading activities, import activities and repayment of foreign debts may purchase foreign exchange from designated banks if the application is supported by the relevant documents. Furthermore, FIEs may distribute profit to their foreign investors with funds in their foreign exchange bank accounts kept with designated banks. Should such foreign exchange be insufficient, enterprises may purchase foreign exchange from designated banks upon the presentation of the resolutions of the directors on the profit distribution plan of the particular enterprise.

When conducting foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre ("**CFETC**") was formally established and came into operation on 1 April 1994. The CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade and settle their foreign currencies. Prior to 1 December 1998, FIEs may upon their own choice enter into exchange transactions through a swap centre or through designated PRC banks. On 25 October 1998, PBOC and SAFE issued a joint announcement on the abolishment of foreign exchange swap business which stated that from 1 December 1998, foreign exchange transactions will have to be conducted through designated banks. In addition, some swap centres would be abolished while others which are already linked up with CFETC by the computerised network will be merged with CFETC and sub-centres to the CFETC.

On 14 January 1997, the PRC Foreign Exchange Administration Regulations was amended such that the payment in and transfer of foreign exchange for current international transactions will no longer be subject to the PRC Government control or restrictions.

In addition, on 21 October 2005, SAFE promulgated the Circular of the State Administration of Foreign Exchange Concerning Relevant Issues on Foreign Exchange Administration of Financing and Repatriation of Investments by Domestic Residents through Foreign Special Purpose Vehicles (the "**Circular**") (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) and on 29 May 2007, the SAFE promulgated the Notice on the Issuance of the Manipulate Rules of the Circular of the State Administration of Foreign Exchange Concerning Relevant Issues on Foreign Exchange Administration of Financing and Repatriation of Investments by Domestic Residents through Foreign Special Purpose Vehicles and Return Investment (the "**Manipulate Rules**") (关于印发国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知操作规程的通知). Under the Circular and the Manipulate Rules, PRC residents including PRC companies and PRC resident individuals, have to register their foreign investments with the local SAFE prior to the incorporation or taking control of special purpose vehicle (the "**SPV**") and prior to the alteration registration through which such SPV acquires the PRC residents' assets for the financing of foreign investments. On 29 May 2007, SAFE promulgated the Notice on the Issuance of the Manipulate Rules of the Circular which came into force at the promulgation ("**Notice 106**").

Other than the abovementioned registration requirement, the Circular and the Manipulate Rules require PRC residents in the overseas invested companies to register, modify or record with the local foreign exchange authority within 30 days from the date of any increase/decrease of capital, share transfer, mergers/demergers, change in long-term equity or debts investments and outward guarantees in the SPV. Moreover, profits, dividends and foreign exchange relating to capital changes received by PRC residents from the SPV shall be repatriated to the PRC within 180 days of receiving such amounts. For SPVs which were incorporated or restructured prior to the issue of the new rules, the Circular requires the domestic residents to complete the supplemental registration before 31 March 2006.

When a PRC resident violates the provisions in the Circular and the Manipulate Rules and it constitutes an evasion of any foreign exchange regulations, SAFE will penalise in accordance with the relevant foreign exchange rules and regulations.

Mr Sun Tian, our controlling shareholder, is a PRC resident individual and is required, amongst other matters, to comply with the above requirements. Mr Sun Tian has not registered his shareholding in our Company with Fushun Branch of SAFE.

Mr Sun Zhao Lin and Ms Tian Ruo Nan (who currently do not own Shares in our Company) are also PRC resident individuals and will be required to comply with the above requirements in respect of any future shareholdings in our Company (and any changes thereof) including Shares which they may acquire in the event of the exercise of the options held by each of them, described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus.

Pursuant to a deed of undertaking given in December 2007, each of Mr Sun Tian, Mr Sun Zhao Lin and Ms Tian Ruo Nan has undertaken to the Company that he/she shall comply with all laws and regulations of the PRC to which he/she is subject and all applicable rules, guidelines, circulars and requirements of any PRC authority which if not complied with or observed, may, restrict or prohibit or impede the declaration and/or payment of dividends, profits or other payments or the making of any distributions whatsoever (collectively, "**Dividends**") to the Company by FSYM Construction. Each of them has further undertaken, *inter alia*, that in the event that FSYM Construction declares any Dividend to be made or paid to its shareholder(s) and our Company is unable to receive such Dividends as a result of any act or omission of any Covenator or breach by any Covenator of their aforesaid undertakings, he/she shall make payment to our Company of an amount equal to such Dividends subject to the terms and conditions of the deed, and to fully indemnify our Group for all actions, suits, claims, proceedings, losses, liabilities, costs, expenses and penalties suffered or incurred as a result of a breach of their aforesaid undertakings. In the event that our Company is entitled to seek payment from them based on the foregoing provision, and they fail to make payment after we have made a claim against them, our Company may commence legal action for breach of such provision.

Please also refer to the information under the heading "We may be adversely affected, including unable to receive dividends from our PRC subsidiary, by changes in the PRC foreign exchange controls and by failure of our Shareholders to comply with PRC foreign exchange control rules or requirements" in the section entitled "Risk Factors – Risks relating to the PRC" in this Prospectus. Appendix I to this Prospectus also provides information on certain PRC foreign exchange control requirements.

CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents, indebtedness and capitalisation of our Group as at:

(a) 30 June 2007; and

(b) 30 November 2007:

(i) as adjusted for the Debt Capitalisation; and

(ii) as adjusted for the net proceeds from the Invitation.

You should read this in conjunction with the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007, Report from the Auditors on the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period from 1 April 2007 to 30 June 2007 and the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 set out in Appendices A, B and C to this Prospectus, respectively and the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" in this Prospectus.

RMB ('000)	**As at 30 June 2007**	**As at 30 November 2007**	
		Adjusted for the Debt Capitalisation	**Adjusted for the net proceeds from the Invitation**
Cash and cash equivalents	50,818	85,879	●
Short term indebtedness (unsecured and non-guaranteed)			
Dividend payable	–	5,089	5,089
Amount owing to related parties[(1)]	4,963	–	–
Amount owing to Leadpoint[(1)]	231	–	–
Amount owing to directors[(1)]	1,535	–	–
Amount owing to Tat Hong[(1)]	11,436	–	–
Total Indebtedness	18,165	5,089	5,089
Total Shareholders' equity	180,683	241,195	●
Total capitalisation and indebtedness	198,848	246,284	●

Note:

(1) For further information on amounts owing to related parties, Leadpoint, directors and Tat Hong, please refer to the section entitled "Interested Person Transactions" in this Prospectus.

Save as disclosed above, we do not have any other indebtedness as at 30 November 2007.

In the reasonable opinion of our Directors, after taking into account the cash flow generated from operations, together with our existing cash and cash equivalents, as at the date of the lodgement of this Prospectus, the working capital available to our Group is sufficient for our present requirements.

Contingent Liabilities

As at the Latest Practicable Date, we do not have any contingent liabilities.

DILUTION

Dilution is the difference between the Issue Price to be paid by subscribers of each New Share pursuant to the Invitation and our NAV per Share after adjusting for the Dividend Payment, the Debt Capitalisation, the Loan Conversion and the Invitation.

The NAV per Share of our Company as at 30 June 2007, after adjusting for the Dividend Payment, the Debt Capitalisation and the Loan Conversion but before adjusting for the net proceeds from the Invitation (the "**Adjusted NAV**") and based on our pre-Invitation share capital of 332,200,000 Shares, was 10.1 cents.

Based on the issue of ● New Shares at an Issue Price of ● cents per Share pursuant to the Invitation and after deducting estimated issue expenses, the Adjusted NAV of our Company as at 30 June 2007 would have been ● cents per Share. This represents an immediate increase in NAV of ● cents per Share to our existing Shareholders and an immediate dilution in NAV of ● cents per Share to our new investors. The following table illustrates this per Share dilution:

	cents
Issue Price per Share	●
NAV per Share as at 30 June 2007, after adjusting for the Dividend Payment, the Debt Capitalisation and the Loan Conversion but before adjusting for the Invitation	10.1
Increase in NAV per Share attributable to the Invitation	●
NAV per Share after the Invitation	●
Dilution in NAV per Share to new investors	●
Dilution in NAV per Share to new investors as a percentage of Issue Price	●%

The following table summarises the total number of Shares acquired by our Directors and Substantial Shareholders (after adjusting for the Debt Capitalisation and the Loan Conversion) during the period of three years prior to the date of lodgement of this Prospectus, the total consideration paid by each of them and the average effective cost per Share to our Directors and Substantial Shareholders, and to our new investors pursuant to the Invitation:

	Number of Shares acquired	**Total Cash Consideration (S$)**	**Average Effective Cost per Share (Cents)**
Directors			
Sun Tian	254,714,350[(1)]	13,122,907[(2)]	5.2
Lim Kok Yong	3,254,397[(3)]	210,886[(5)]	6.5
Substantial Shareholders (other than Directors)			
Tat Hong	72,836,512[(3)(4)]	5,205,085[(5)]	7.2
New investors	●	●	●

Notes:

(1) Mr Sun Tian has granted a call option to Mr Sun Zhao Lin to acquire the 254,714,350 Shares. Please refer to the section entitled "Restructuring Exercise of our Group and Certain Pre-Invitation Transactions" in this Prospectus.

(2) The total cash consideration paid is equivalent to the aggregate contributions of Mr Sun Tian and his associates (Mr Sun Zhao Lin and FYEM) to FSYM Construction.

(3) The 72,836,512 Shares of Tat Hong does not include the aggregate of 25,929,372 Shares issued by our Company as part of the Debt Capitalisation, and which 25,929,372 Shares were issued by our Company, at Tat Hong's direction, to Mr Sun Tian, Mr Lim Kok Yong and Mr Ying Siew Khay Terence. Please refer to sub-paragraph (c) in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus.

(4) The 72,836,512 Shares of Tat Hong includes a total of 2,631,579 Shares transferred without payment to Mr Lim Kok Yong (as to 1,842,105 Shares), Mr Yau Kok San (as to 526,316 Shares) and Ms Luk Ka Lai Carrie (as to 263,158 Shares). The 3,254,397 Shares of Mr Lim Kok Yong excludes the 1,842,105 Shares transferred without payment to him by Tat Hong.

(5) The total cash consideration paid is equivalent to the effective contributions of Mr Lim Kok Yong to FSYM Construction.

(6) The total cash consideration paid is equivalent to the aggregate effective contributions of Tat Hong to FSYM Construction.

SHARE CAPITAL

Our Company (Registration No. 200510649K) was incorporated in Singapore on 3 August 2005 under the Companies Act as a private limited company under the name of Sunfield Investment Pte. Ltd.. On ●, our Company was converted into a public limited company and the name of our Company was changed to Yongmao Holdings Limited.

As at the date of incorporation, we had an authorised share capital of S$10,000,000 comprising 10,000,000 ordinary shares of S$1.00 each, and an issued and paid-up share capital of S$2.00 comprising 2 ordinary shares of S$1.00 each.

With effect from 30 January 2006, the Companies Act was amended to, *inter alia*, abolish the concepts of par value, authorised share capital, share premium, capital redemption reserve and issuing shares at a discount to par value.

On 29 May 2006, our Company allotted and issued an aggregate of 3,321,998 Shares to Tat Hong, Leadpoint and Mr Sun Tian. As a result, our issued and paid-up share capital increased to S$3,325,352 comprising 3,322,000 Shares.

At an Extraordinary General Meeting held on 28 December 2007, our Shareholders approved, *inter alia*, (i) the issue of 96,338,000 new Shares in connection with the Debt Capitalisation; and (ii) the issue of new Shares which would arise in connection with the Loan Conversion. On 28 December 2007, in connection with the Loan Conversion, we allotted and issued an aggregate of 232,540,000 Shares and our issued and paid-up share capital increased to S$24,206,352 comprising 332,200,000 Shares.

At an Extraordinary General Meeting held on ●, our Shareholders approved, *inter alia*, the following:

(a) the conversion of our Company into a public limited company and the change of name to Yongmao Holdings Limited;

(b) the adoption of a new set of Articles;

(c) the allotment and issue of the New Shares pursuant to the Invitation. The New Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the then existing issued and fully paid-up Shares; and

(d) that approval be given, pursuant to Section 161 of the Companies Act, to our directors to:

    (i) (aa) allot and issue Shares whether by way of rights, bonus or otherwise; and/or

    (bb) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

    (ii) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

Provided that:

(iii) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of Post-Invitation Issued Shares of the Company (as calculated in accordance with paragraph (iv) below), and provided further that where Shareholders with registered addresses in Singapore are not given the opportunity to participate in the same on a *pro-rata* basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of Shares of the Company (as calculated in accordance with paragraph (iv) below);

(iv) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (iii) above, the percentage of the issued Shares shall be based on the Post-Invitation Issued Shares of the Company at the time such authority was conferred, after adjusting for:

(aa) new Shares arising from the Invitation;

(bb) new Shares arising from the conversion or exercise of any convertible securities;

(cc) new Shares arising from exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(dd) any subsequent consolidation or subdivision of the Shares; and

(v) (unless revoked or varied by the Company in general meeting), the authority so conferred shall 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 the earlier.

As at the Latest Practicable Date, our Company has only one class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Articles.

There are no Shares that are held by or on behalf of our Company or by our subsidiary.

The present issued and paid-up capital of our Company is S$24,206,352 comprising 332,200,000 Shares. Upon the allotment of the New Shares, the resultant issued and paid-up share capital of our Company will be increased to S$● comprising ● Shares.

The changes in the issued and paid-up share capital of our Company between 1 April 2006 and 31 March 2007 (being the beginning and end of our most recent completed financial year) and our issued and paid-up share capital as at the Latest Practicable Date and immediately after the Invitation are as follows:

	Issued and Paid Up Share Capital	
	Number of Shares	**(S$)**
Issued and paid-up capital as at 1 April 2006	2	2
Issued and paid-up capital as at 31 March 2007 and as at the Latest Practicable Date	3,322,000	3,325,352
Issued and paid-up capital immediately after the Debt Capitalisation	99,660,000	5,506,352
Pre-Invitation share capital immediately after the Loan Conversion	332,200,000	24,206,352
New Shares to be issued pursuant to the Invitation	●	●
Post-Invitation share capital	●	●

The shareholders' funds of our Company (i) as at 31 March 2007, (ii) after the adjustments to reflect the Restructuring Exercise and (iii) after the Invitation are set forth below.

	As at 31 March 2007 (S$)	After adjusting for the Restructuring Exercise (S$)	After the Invitation (S$)
Shareholders' Funds			
Issued and paid-up share capital	3,325,352	24,206,352	●
Reserves	(28,837)	(28,837)	(28,837)
Total Shareholders' Funds	3,296,515	24,177,515	●

The changes in the issued and paid-up share capital of our Company and its subsidiary within the three years preceding the date of the lodgement of this Prospectus with the Authority are set out below:

Our Company

Date	Event	No of Shares Issued	Total Issue Price / Consideration	Resultant issued share capital
3 August 2005	Incorporation	2	S$2	S$2
29 May 2006	Increase in share capital (issue to Sun Tian)	739,145	S$1	S$3
29 May 2006	Increase in share capital (issue to Tat Hong)	2,066,283	S$2,660,280	S$2,660,283
29 May 2006	Increase in share capital (issue to Leadpoint)	516,570	S$665,069	S$3,325,352
28 December 2007	Increase in share capital pursuant to the Debt Capitalisation[1]:	96,338,000	S$2,181,000	S$5,506,352
	(a) issue to Tat Hong	70,408,628		
	(b) issue to Sun Tian	21,435,205		
	(c) issue to Lim Kok Yong	3,145,917		
	(d) issue to Ying Siew Khay Terence	1,348,250		
28 December 2007	Issue of Shares under the Loan Conversion	232,540,000	S$18,700,000	S$24,206,352

Note:

(1) Please refer to sub-paragraph (c) in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus.

FSYM Construction

Date	Event	Resultant Registered Share Capital
20 January 2006	Increase in registered capital	US$7,000,000
31 January 2007	Increase in registered capital	US$30,000,000[1]

Note:

(1) As at the date of lodgement of this Prospectus with the Authority, the paid-up capital of FSYM Construction is US$12.0 million, of which an aggregate of approximately US$1.7 million was contributed by way of injection of assets by FYEM and an aggregate of approximately US$10.3 million was contributed in cash. The remaining US$18.0 million of the registered capital is required to be paid by our Company by 31 January 2009 in accordance with the relevant governmental approval.

Our Shareholders and their respective shareholdings in our Company before the Invitation and immediately after the Invitation, are as follows:

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Sun Zhao Lin[1]	–	–	254,714,350	76.7	–	–	254,714,350	●
Tian Ruo Nan[1]	–	–	127,357,175	38.3	–	–	127,357,175	●
Ng San Tiong[2]	–	–	–	–	–	–	–	–
Sun Tian[1]	254,714,350	76.7	–	–	254,714,350	●	–	–
Lim Kok Yong[3][4]	5,096,502	1.5	–	–	●	●	–	–
Chua Kee Lock	–	–	–	–	–	–	–	–
Ho Chew Thim	–	–	–	–	–	–	–	–
Steve Lai Mun Fook	–	–	–	–	–	–	–	–
Holders of 5% or more (other than Directors)								
Tat Hong[2][3]	70,204,933	21.1	–	–	●	●	–	–
Others								
Ying Siew Khay Terence[5]	1,394,741	0.4	–	–	●	●	–	–
Yau Kok San[3][4]	526,316	0.2	–	–	●	●	–	–
Luk Ka Lai Carrie[3][4]	263,158	0.1	–	–	●	●	–	–
Public	–	–	–	–	●	●	–	–
TOTAL	332,200,000	100.0			●	100.0		

Notes:

(1) Mr Sun Tian is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan. Mr Sun Zhao Lin has a right under a call option granted to him by Mr Sun Tian to acquire up to 254,714,350 Shares. In the event that he exercises the option and if requested by Ms Tian Ruo Nan, up to 50% of the Shares which are the subject of the exercise may be transferred to her.

(2) Chwee Cheng & Sons Pte Ltd holds more than 20% of the total number of issued shares in Tat Hong and is deemed to be interested in the Shares held by Tat Hong. 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.

(3) As between Tat Hong and each of Mr Lim Kok Yong, Mr Yau Kok San and Ms Luk Ka Lai Carrie, prior to the date of registration of this Prospectus with the Authority, there may be upward or downward adjustments to their respective shareholdings by way of transfers between them, based on the Offer Price.

(4) For certain information on this Shareholder, please refer to sub-paragraph (g) below.

(5) Mr Ying Siew Khay Terence is a director and shareholder of Leadpoint. Leadpoint was previously a shareholder of our Company. Mr Ying became our Shareholder pursuant to a distribution in specie of our Shares by Leadpoint to its shareholders in December 2007 as described in sub- paragraph (d) below.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Invitation.

Save as disclosed herein, there were no significant changes in the percentage of ownership of our Company held by our Directors and Substantial Shareholders since the date of incorporation till the date of the lodgement of this Prospectus with the Authority:

(a) As at the date of incorporation of our Company, the two subscribers, one of whom was Mr Lim Kok Yong, each held one Share, representing 50% of the then total number of issued Shares.

(b) On 4 August 2006, Tat Hong and its 70%-owned subsidiary, Leadpoint, became Shareholders of our Company pursuant to transfers by the original subscribers of their Shares to Tat Hong and Leadpoint, each of whom acquired 50% of the then total number of issued Shares.

(c) On 29 May 2006, we allotted and issued 2,066,283 Shares to Tat Hong, 516,570 Shares to Leadpoint and 739,145 Shares to Mr Sun Tian, resulting in Tat Hong, Leadpoint and Mr Sun Tian holding 62.20%, 15.55% and 22.25% of the then total number of issued Shares, respectively.

(d) On 24 December 2007, the 516,571 Shares held by Leadpoint were distributed proportionately to its shareholders pursuant to a distribution in specie, resulting in, *inter alia*, Tat Hong and Mr Lim Kok Yong holding 73.09% and 3.27% of the then total number of issued Shares, respectively.

(e) On 28 December 2007, in connection with the Debt Capitalisation, we allotted and issued 70,408,628 Shares to Tat Hong and, at Tat Hong's direction, to, *inter alia*, Mr Sun Tian (as to 21,435,205 Shares) and Mr Lim Kok Yong (as to 3,145,917 Shares), resulting in Tat Hong, Mr Sun Tian and Mr Lim Kok Yong holding 73.1%, 22.3% and 3.3% of the then total number of issued Shares, respectively.

(f) On 28 December 2007, in connection with the Loan Conversion, we allotted and issued a total of 232,540,000 Shares to Mr Sun Tian, representing 70.0% of the then enlarged issued capital of our Company.

(g) On 28 December 2007, Tat Hong transferred a total of 2,631,579 Shares free of payment to three individuals, namely, Mr Lim Kok Yong, Mr Yau Kok San and Ms Luk Ka Lai Carrie, to reward them for their contributions in relation to Tat Hong's investment in our Group and the listing of our Company on the SGX-ST. Mr Lim Kok Yong is Tat Hong's Head of China operations. He had an instrumental role in the investment by Tat Hong in FSYM Construction. He was also actively involved in the preparatory work for our listing on the SGX-ST. Mr Yau Kok San is Tat Hong's Head of Corporate for China and was actively involved in the preparatory work for our listing on the SGX-ST. Ms Luk Ka Lai Carrie assisted Tat Hong with the reorganisation of the corporate structure of our Company in preparation of our listing on the SGX-ST. She was also actively involved in the negotiations in respect of the joint venture between Tat Hong and FYEM. Please see the section entitled "General Information on Our Group – History" in this Prospectus.

(h) After the allotment and issue and transfers described in sub-paragraphs (f) and (g) above, the shareholdings of Mr Sun Tian, Tat Hong and Mr Lim Kok Yong amounted to 76.7%, 21.1% and 1.5%, respectively of the total number of issued Shares as at the date of lodgement of this Prospectus with the Authority.

Mr Sun Zhao Lin has a call option to acquire 254,714,350 Shares held by Mr Sun Tian, representing 76.675% of the total number of issued Shares as at the date of lodgement of this Prospectus. In the event that Mr Sun Zhao Lin exercises the option and if requested by Ms 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 referred to in sub-paragraph (g) above, prior to the date of registration of this Prospectus with the Authority, there may be upward or downward adjustments to their respective shareholdings by way of transfers between them, based on the Offer Price.

Save as disclosed above and to the extent known to our Company, our Company is not directly or indirectly owned or controlled by any person or government, whether severally or jointly.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company. However, please see the information above and in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, relating to the call option granted by Mr Sun Tian to Mr Sun Zhao Lin.

MORATORIUM

To demonstrate their commitment to our Group, our Substantial Shareholders, Mr Sun Tian and Tat Hong, have each undertaken not to sell, transfer or otherwise dispose of any part of their respective interests in the Shares for a period of six months commencing from the date of admission of our Company to the Official List of the SGX-ST (the "**Date of Admission**") without the prior written consents of CIMB-GK and the SGX-ST. In the case of Mr Sun Tian, his undertaking is in respect of 254,714,350 Shares, representing ●% of our post-Invitation share capital. In the case of Tat Hong, its undertaking is in respect of 70,204,933 Shares, representing ●% of our post-Invitation share capital.

In addition, our Shareholders, Mr Lim Kok Yong, Mr Ying Siew Khay Terence, Mr Yau Kok San and Ms Luk Ka Lai Carrie, who hold 5,096,502, 1,394,741, 526,316 and 263,158 Shares, respectively, representing ●%, ●%, ●% and ●%, respectively of our post-Invitation share capital, have undertaken not to sell, transfer or otherwise dispose of any part of their respective interests in the Shares for a period of six months commencing from the Date of Admission without the prior written consents of CIMB-GK and the SGX-ST.

RESTRUCTURING EXERCISE OF OUR GROUP AND CERTAIN PRE-INVITATION TRANSACTIONS

To streamline and rationalise our corporate structure and shareholding structure in preparation for our listing on the SGX-ST, we implemented a restructuring exercise prior to the Invitation (the "**Restructuring Exercise**"), resulting in our Company becoming the holding company of our Group.

The following were undertaken by our Group for the Restructuring Exercise:

(a) *Acquisition by our Company of the remaining 70% of the equity interests of FSYM Construction, resulting in our Company holding 100% of the FSYM Construction*

On 12 September 2007, our Company entered into a share transfer agreement with FYEM and Mr Sun Zhao Lin to acquire the remaining 70% equity interests in FSYM Construction from FYEM (as to 60%) and Mr Sun Zhao Lin (as to 10%), for a total cash consideration of RMB93.31 million (which was arrived at after taking into account an independent valuation on 13 September 2007 on the net assets of FSYM Construction as at 31 March 2007 by Zhong Hua Xin Assets Evaluation, amounting to approximately RMB133.3 million). FSYM Construction 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 FYIT which is, in turn, held as to 50% each by our Executive Directors, Mr Sun Zhao Lin and Ms Tian Ruo Nan. Our Directors believe that the agreement was entered into on an arm's length basis.

(b) *Grant of convertible loan by Mr Sun Tian to our Company*

On 5 October 2007, our Company entered into a convertible loan agreement with Mr Sun Tian pursuant to which Mr Sun Tian agreed to lend our Company in Singapore dollars an amount equivalent to RMB93.31 million (such Singapore amount being S$18.7 million), on an interest-free basis, for the purpose of acquiring the 70% equity interests in FSYM Construction as described above. Mr Sun Tian had in turn entered into an agreement to borrow S$18.7 million from Tat Hong for the purpose of on-lending the amount by way of a convertible loan to our Company. On 28 December 2007, the entire amount owing to Mr Sun Tian was converted into 232,540,000 Shares. The largest amount outstanding to Mr Sun Tian under this agreement up to the Latest Practicable Date was S$18.7 million. As a result of the Loan Conversion, the entire outstanding amount of the convertible loan was discharged in full. Our Directors believe that the convertible loan agreement was entered into on an arm's length basis. The loan from Tat Hong to Sun Tian was discharged in ●.

(c) *Debt Capitalisation*

A US$1.5 million loan extended by Tat Hong to our 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 Mr Sun Tian, Mr Lim Kok Yong and Mr 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).

(d) *Disposal by FSYM Construction of FS Engineering and acquisition of certain assets by FSYM Construction from FS Engineering*

FSYM Construction had, on 25 March 2007, entered into an agreement to acquire 100% of the equity interest in FS Engineering from an unrelated third party, Mr Liu Xin Min at a consideration of RMB23,000,000. It was agreed between the parties that Mr 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 FSYM Construction'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 our 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 our Group for the purpose of our listing on the SGX-ST, the following transactions were undertaken by FSYM Construction:

(1) On 10 August 2007, FSYM Construction entered into an equity interests transfer agreement with FYEM pursuant to which FSYM Construction sold its 100% equity interests in FS Engineering to FYEM for a total cash consideration of RMB23,000,000, being the consideration at which FSYM Construction acquired the 100% equity interest in FS Engineering, pursuant to an agreement in March 2007, from an unrelated party. Our Directors believe that the agreement was entered into on an arm's length basis.

(2) On 10 August 2007, FSYM Construction 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 FSYM Construction for a total cash consideration of RMB3,000,000. The consideration was arrived at taking into account an independent valuation by Zhong Hua Xin Assets Evaluation on 1 August 2007 on the market value of the machinery equipment of approximately RMB2,000,000 as at 31 March 2007. Our Directors believe that the agreement was entered into on an arm's length basis.

(e) *Transfer by FSYM Construction of 5% equity interests in FYIG*

In August 2007, FSYM Construction transferred to FYHM, 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 Ms Tian Ruo Nan's siblings.

Following the completion of the Restructuring Exercise and immediately prior to the Invitation, the structure of our Group is as set out in the section entitled "Group Structure" in this Prospectus.

Set out below is information on certain pre-Invitation transactions and/or arrangements:

(i) *Grant of call option in respect of Shares by Mr Sun Tian to Mr Sun Zhao Lin and Ms Tian Ruo Nan*

Mr Sun Tian has granted to Mr Sun Zhao Lin a call option to acquire up to 254,714,350 Shares held by Mr Sun Tian, representing approximately 76.7% of the total number of issued Shares as at the Latest Practicable Date at a consideration of S$0.001 per Share. The call option is exercisable by Mr Sun Zhao Lin in respect of any number of Shares which are the subject of the call option, from time to time for a period of five years commencing on the date falling six months after the Date of Admission (as defined on page 86 of this Prospectus). In the event that Mr Sun Zhao Lin exercises the option and if requested by Ms Tian Ruo Nan, up to 50% of the Shares which are the subject of the exercise may be transferred to her at the same consideration. In connection with the Restructuring Exercise, the call option was granted to Mr Sun Zhao Lin to take into consideration that he and Ms Tian Ruo Nan will continue to be actively involved in the management of the Group's business after the Restructuring Exercise. Further, it was a family arrangement that the call option be granted to Mr Sun Zhao Lin in order to give him (and Ms Tian, if she requested as aforesaid) the right to own a direct equity interest in the business of the Group.

(ii) *Arrangement in respect of 66% equity interests in Beijian between Mr Sun Zhao Lin, Ms Tian Ruo Nan and FSYM Construction*

Beijian is a manufacturer of towercranes and towercrane accessories in the PRC. Beijian is held as to 66% by FYIG and 34% by Beijing Construction Group. FYIG acquired a 61% equity interest in Beijian in August 2006 and subsequently acquired a further 5% equity interest in Beijian in February 2007, resulting in it holding 66% of Beijian.

Presently, in order to increase our production capacity, we engage the services of Beijian to manufacture some of our towercranes. Pursuant to a non-legally binding letter of understanding between Mr Sun Zhao Lin, Ms Tian Ruo Nan and FSYM Construction, it is provided that Mr Sun Zhao Lin and Ms Tian Ruo Nan will, if called upon by FSYM Construction on or before 31 December 2008 (which may be extended as provided in such letter), procure that FYIG enters into a conditional sale and purchase agreement for the sale to FSYM Construction of FYIG's 66% equity interests in Beijian on certain specified principal terms and conditions. One of these terms is that the consideration for the sale and purchase shall be a price to be agreed or at a price equal to the prevailing market value of such equity interests as determined by an independent valuer in the PRC, whichever is higher. Any such sale and purchase is expected to be conditional, *inter alia*, upon the receipt of relevant approvals in the PRC, our independent Shareholders' approval and completion of due diligence on Beijian satisfactory to FSYM Construction. As a demonstration of its commitment in respect of the foregoing, FYIG has confirmed that it will do all that is necessary to transfer its 66% equity interests in Beijian to FSYM Construction subject to receipt of relevant regulatory and third party approvals (including our Shareholders' approval) and an independent valuation in respect of Beijian and our Group being satisfied with our due diligence on Beijian, including entering into such sale and purchase agreement within six months of the Date of Admission.

For information on the manufacturing services currently provided by Beijian, please refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus, which provides information on the Beijian Manufacturing Agreement between FSYM Construction and Beijian.

GROUP STRUCTURE

Our Group structure and our Shareholders immediately before the Invitation is as follows:

Notes:

(1) This comprises the shareholding interests of Mr Lim Kok Yong (as to 1.5%), Mr Ying Siew Khay Terence (as to 0.4%), Mr Yau Kok San (as to 0.2%) and Ms Luk Ka Lai Carrie (as to 0.1%).

(2) As between Tat Hong and each of Mr Lim Kok Yong, Mr Yau Kok San and Ms Luk Ka Lai Carrie prior to the date of registration of this Prospectus with the Authority, there may be upward or downward adjustments to their respective shareholdings by way of transfers between them, based on the Offer Price.

As at the date of this Prospectus, our Company has one subsidiary, certain information on which is set out below:

Name of Company	Date and Place of Incorporation	Principal Place of Business	Principal Activities	Registered Capital	Percentage Interest held by our Company
Fushun Yongmao Construction Machinery Co., Ltd[1]	29 May 2003, PRC[2]	Kaoshan Village, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC	Designing, manufacturing, distribution and installation of the construction machinery equipments, engineering machinery and tower cranes, automobile cranes, machine processing and providing after-sales maintenance services	US$30,000,000[3]	100%

Notes:

(1) FSYM Construction has established a branch office in Beijing, PRC in June 2006. The term of operation of this branch office is from 9 June 2006 to 19 January 2026.

(2) The term of operation of FSYM Construction is from 20 January 2006 to 19 January 2026. Prior to the expiration of the term, FSYM Construction may (subject to the consent of shareholders representing at least two-thirds of the company's voting rights) apply to its original examination and approval authority to extend the duration of its term of operation.

(3) As at the date of the lodgement of this Prospectus with the Authority, the paid-up capital of FSYM Construction is US$12,000,000. The remaining US$18,000,000 is required to be paid by our Company by 31 January 2009 in accordance with the relevant governmental approval.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated in Singapore on 3 August 2005 under the Companies Act as a private limited company, under the name of Sunfield Investment Pte. Ltd.. Pursuant to the Restructuring Exercise as described under the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, our Company increased its equity interest in FSYM Construction from 30% to 100%. On 28 December 2007, the name of our Company was changed to Yongmao Holdings Pte. Ltd. On ●, our Company was converted into a public limited company and our name was changed to Yongmao Holdings Limited.

The history of our Group can be traced back to the establishment of FYIT in 1992 as a private enterprise by Mr Sun Zhao Lin and his spouse, Ms Tian Ruo Nan. FYIT was originally engaged in the business of selling and distributing construction materials and metal casting parts.

In 1996, FYIT entered into a joint venture with Mr Soh Ying Poo (a relative of Ms Tian Ruo Nan) and established FYEM as an equity joint-venture enterprise to manufacture and sell construction equipment accessories such as towercrane mast sections, tie collars and fixing angles. FYEM was held as to 75% by FYIT and as to 25% by Mr Soh Ying Poo. Its products were exported to South-East Asian countries such as Singapore, Malaysia, Indonesia and the Philippines. In 1996, FYEM had a production capacity of approximately 300 tonnes per month and employed approximately 100 employees.

In 1998, FYEM successfully developed the QD8 *Derrick* crane and the QTK25A self-erecting towercrane (which is no longer in production). These two products were tested and approved by the State Administration of Quality Supervision, Inspection and Quarantine of the PRC and were sold under its own brands, "永茂" and "YONGMAO". The QD8 *Derrick* cranes were sold domestically as well exported. 1999 was a significant year as FYEM successfully developed and launched its first flat top towercrane, ST4010 under the *Topless STT* series of towercranes. Our Directors believe that this was the first flat top towercrane to be mass produced in the PRC.

FYEM continued to invest in research and development activities and in 2000, FYEM added the *ST* series of towercranes to its product offering by developing the ST60/15 (then known as ST60/14) and ST70/30 models. In that year, in recognition of its strict quality control standards, FYEM received the ISO 9002:1994 Quality Management System Certificate for the design, manufacture, installation and after-sales service of towercranes (ST70/30, ST60/15, ST4010, QTK25). The operations began to expand and a sales office was established in Beijing to support the growing domestic business. Over a duration of approximately two years, FYEM sold more than 70 units of towercranes to customers in Beijing alone as a result of increase in construction activities in the city. To enhance its after-sales service, a customer service and repair centre was set up in Beijing in 2001 to service customers in this region. FYEM also diversified its product offering by introducing the STD31/12 model under the *Luffing STL* series of towercranes.

In 2002, FYEM successfully developed the ST70/27 towercrane under the *ST* series. The next breakthrough was achieved in 2003 when FYEM received the KOSHA certification for the ST70/30 towercrane certifying that this model had passed design inspection, which enabled it to export its first towercrane to South Korea. FYEM exported approximately 30 units of the ST70/30 towercrane to South Korea. The ST5515 *Topless* towercrane was added to the product range, and a new sales office was established in Shanghai to support the expansion into the Shanghai and the southern PRC markets. In 2003, the Beijing sales office sold approximately 100 units of towercranes in Beijing alone as a result of continued increase in construction activities in the city.

In 2004, FYEM successfully developed the STT293 *Topless* towercrane and the STL203 *Luffing* towercrane. It also received the ISO 9001:2000 Quality Management System Certification for the design, manufacture, installation and service of towercranes. In the mid-2000s, FYEM started exporting its products to Hong Kong and in 2004 appointed a Belgium-based distributor to distribute and sell in Europe. FYEM expanded its production capacity by moving from its approximately 1,200 sq m factory to the current manufacturing facility in Shuncheng District, Fushun City, Liaoning Province with a floor area of approximately 63,000 sq m.

In 2005, the STT403, STT553 and STT200 *Topless* series of towercranes were developed. We believe that FYEM was the first Chinese towercrane manufacturer to qualify for the CE Marking, which was in respect of ST70/30, ST55/15 and STT293 towercranes which allowed such products to be sold and used in Europe. The first unit of towercrane was installed in Belgium in early 2005. FYEM also received the KOSHA certification for the STL203 towercrane which enabled such model to be sold and used in South Korea in the same year. Another significant achievement was FYEM's successful entry into the US market. Our Directors believe that FYEM was one of the first Chinese towercrane manufacturers to export to the United States.

In 2005, FYEM entered into an agreement with Tat Hong and Tat Hong's 70%-owned subsidiary, Leadpoint, in connection with the incorporation of our Company as an investment vehicle. FSYM Construction was to be used as the joint venture company which would carry on the business of manufacture and sale of towercranes. To facilitate this, FSYM Construction was converted from a domestic company into a Chinese-foreign equity joint venture company (or FIE) and its issued capital, which was previously held by Mr Sun Zhao Lin (as to 60%) and Mr Sun Tian (as to 40%), was restructured such that the shareholders of FSYM Construction were FYEM (as to 60%), our Company (as to 30%) and Mr Sun Zhao Lin (as to 10%). The restructuring was by way of transfers of shares by Mr Sun Zhao Lin and Mr Sun Tian to FYEM and our Company and injection of capital by FYEM, our Company and Mr Sun Zhao Lin, which resulted in the registered capital of FSYM Construction amounting to US$7.0 million. The capital contributions of our Company and Mr Sun Zhao Lin to FSYM Construction, were in cash. FYEM's capital contribution to FSYM Construction was by way of transfer of technologies, certain of its intellectual property rights and manufacturing equipment, valued at approximately US$1.7 million in total, and the balance in cash. FSYM Construction commenced business operations in May 2006. In November 2006, FYEM sold certain of its remaining assets such as manufacturing equipment at a consideration of approximately RMB3.9 million to FSYM Construction. Presently, FYEM does not carry on any business other than in relation to the ownership of the land on which our Group's existing manufacturing operations are carried out. Please also refer to the section entitled "Interested Person Transactions" in this Prospectus.

In 2006, FSYM Construction introduced the STT113 *Topless* series of towercranes and the STL120 *Luffing* series of towercranes. It started exporting to the United Kingdom and the first towercrane unit was installed at the Imperial Wharf in London in October 2006. In the same year, our towercranes were exported by us and/or our customers to other countries including Russia, Panama, Zambia, Ukraine, Bahrain, Saudi Arabia and the UAE. FSYM Construction received the EC Declaration of Conformity in respect of STT113 and STT403 towercranes which allowed such models to be sold and used in Europe.

We are currently engaged in the research and development of the new STL230 and STL420 *Luffing* series of towercranes. As at the Latest Practicable Date, our production capacity is approximately 200 units of towercranes per annum and the number of our employees stands at approximately 700.

BUSINESS

We are principally engaged in the design, manufacture and sale of a wide range of towercranes and towercrane components and accessories. Towercranes are used mainly in construction sites to lift building materials and equipment. They have also been used in the shipbuilding industry. In carrying out our business, our Group also offers technical advice and after-sales maintenance services to our customers. We carry out research and development activities to develop new products to extend our product range. 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. Each series of towercranes has different features and designs depending on customers' requirements. Further information on the various series of towercranes we manufacture is set out in the section entitled "Products" below.

Our towercranes are sold under our own brands "永茂", "YONGMAO" and "SUNCRANE" in the PRC and exported by us and/or our customers to many countries in America such as the United States and Panama, Africa such as Zambia and South Africa, Middle East such as UAE, Saudi Arabia and Bahrain, Europe such as Belgium, UK and Ukraine and Asia such as Hong Kong, Macau, Singapore, Indonesia, Thailand, South Korea and India. In FY2007, sales to overseas customers accounted for approximately 78.0% of our total revenue. Our towercranes are sold mainly to construction equipment distributors and equipment rental companies in the overseas markets and to construction companies and equipment rental companies in the PRC.

Our principal operations are currently located in Fushun City, Liaoning Province, occupying a total land area of approximately 160,000 sq m. As at the Latest Practicable Date, our production capacity is approximately 200 units of towercranes per annum.

Our principal products and business activities are described below.

PRODUCTS

A towercrane is a lifting equipment primarily made of structural steel. It is capable of lifting a load from a jib, traverse horizontally along the jib, with a 360-degree slewing capability. The towercrane's height can be progressively increased in tandem with the building's height by means of a telescopic device. Alternatively, the whole towercrane can climb within the completed floors by means of a set of climbing accessories. Its main function is to lift a load from one location and deposit it at another within the towercrane's radius of operational arc.

Towercranes are used mainly in the construction of buildings, bridges and power stations as well as other construction projects. To reinforce the towercrane's stability beyond a certain free-standing height, the mast is anchored onto the completed structure at pre-determined sections of the mast; at different heights according to the towercrane's specification, as the construction progresses.

A horizontal or luffing jib is mounted on the slewing table on top of the mast and balanced asymmetrically across the slewing table by a counter-jib. The jib's 360 degree movement is activated via electric motors mounted on the slewing table. The main jib carries a lift hook via a trolley which can traverse along the jib.

The crane operator either sits in a cabin at the top of the tower alongside the slewing table and controls the crane's lifting movement with a panoramic view of the jobsite or controls the crane on the ground by means of a remote control. A towercrane can be fixed on the foundation pad on the ground or it can sit on a travel base, powered by a set of boogies along rail tracks mounted on the ground.

Our products are broadly classified under the following series of towercranes:

***Topless STT* Series**

Towercranes under our *Topless STT* series are particularly suitable for use in large-scale construction projects where there are space constraints. Our *Topless STT* towercranes do not have a tower head, and with its horizontal streamlined jib design, the space required for jib overflight of adjourning towercranes is minimised. The jib and counter-jib of a *Topless* towercrane replace the tower head and the tie bar of a *ST* towercrane and are capable of supporting their own weight as well as the load because the rigid boxed design is strong enough to take the stress without the use of tie bars. Whilst this structure is simple in design and concept, it does not compromise the desired standards of safety and reliability. Towercranes under our *Topless STT* series are also equipped with anti-impact accessories which reduce fatigue at welded joints. This helps in extending the lifespan of the crane structure. Owing to its topless feature, our *Topless* towercranes require less safety vertical buffer space between each crane jib overflight and, as such, lower crane heights are needed at congested worksites where such cranes are installed, which, we believe, results in cost savings for our customers.

Another advantage of our *Topless STT* series of towercranes is the shorter time required for erection and dismantling due to the absence of tie bars, which are not required in the design for this series of towercranes. We believe that in developed economies where the hourly rates of skilled erectors are high, the shorter time required for erection and dismantling a towercrane results in significant savings in labour costs. As such, a high proportion of our towercranes used in Europe, U.S., South Korea and Hong Kong are *Topless STT* towercranes. In FY2007 and FY2008Q1, our *Topless STT* series of towercranes accounted for approximately 49.9% and 53.4% of our total revenue, respectively.

The models and their specifications under this series are as follows:

Model	Approx Load Moment (kN. m)	Approx Maximum Load Capacity (tonnes)	Approx Tip Load (tonnes)	Approx Jib Length (m)	Approx Free Standing Height (m)
STT553	5500	24	3.55	80	67.6
STT553	5500	18	4	80	67.6
STT553A	5500	24	3.55	80	85.6
STT553A	5500	18	4	80	85.6
STT403	4000	24	2.5	80	73.6
STT403	4000	18	3	80	73.6
STT403A	4000	24	2.5	80	85.6
STT403A	4000	18	3	80	85.6
STT293	2900	18	2.7	74	62.65
STT293	2900	12	2.7	74	62.65
STT293A	2900	18	2.7	74	86.8
STT293A	2900	12	2.7	74	86.8
STT253	2500	18	2.5	64	61.05
STT253	2500	16	2.5	64	57.9
STT253	2500	12	2.5	64	61.05
STT200	2000	12	2.2	60	59.4
STT200	2000	10	2.2	60	59.4
STT200	2000	8	2.5	60	59.4
STT113	1100	6	1	52.5	40.26
ST5515	800	8	1.5	55	46.25
ST5515	800	6	1.5	55	46.25
ST5020	800	6	2	50	46.25
ST5020	800	8	2	50	46.25
ST4010	500	4	1	40	35

ST Series

Towercranes under our *ST* series of towercranes are suitable for use in construction sites of all sizes. Towercranes under this series are of the conventional structural design where the tie bar and protruding tower head share the stress with, and thus decreases the stress on, the jib. In FY2007 and FY2008Q1, our *ST* series of towercranes accounted for approximately 31.3% and 19.0% of our total revenue, respectively.

The models and their specifications under this series are as follows:

Model	Approx Load Moment (kN. m)	Approx Maximum Load Capacity (tonnes)	Approx Tip Load (tonnes)	Approx Jib Length (m)	Approx Free Standing Height (m)
ST80/75	11000	50	7.5	80	91.3
ST80/75	11000	48	7.5	80	91.3
ST80/75	11000	40	7.5	80	91.3
ST80/75	11000	32	7.5	80	91.3
ST70/50	4000	20	5	70	79.05
ST70/30	2500	12	3	70	51.7
ST70/27	2500	16	2.7	70	51.2
ST60/23	1600	10	2.3	60	59.5
ST60/15	1250	10	1.5	60	59.8
ST60/15	1250	10	1.5	60	44.8
ST55/10A	800	6	1	55	48.46
ST55/10	800	6	1	55	40.96
ST50/15A	630	6	1.5	50	48.46
ST50/15	630	6	1.5	50	40.96

Luffing STL Series

The distinctive feature of our *Luffing STL* series of towercranes is their small slewing working radius. In some developed economies where safety requirements are more stringent, the jib of a towercrane is often not permitted to sail over an existing building. The luffing feature of our *STL* series of towercranes allows the jib to be tilted upwards to create a smaller working radius to avoid sailing over an existing building. Towercranes under our *STL* series are also suitable for use in congested worksites which are surrounded by existing tall buildings, often the case in large metropolitan cities. The luffing feature of towercranes under our *STL* series allows the jib to avoid these tall buildings. As the luffing feature helps in avoiding jib collisions, towercranes under our S*TL* series are also often used in situations where multiple cranes are used in a worksite at the same time so as to reduce lift waiting time and to allow simultaneous separate liftings to speed up construction work. In FY2007 and FY2008Q1, our *Luffing* series of towercranes accounted for approximately 2.1% and 3.5% of our total revenue, respectively.

The models and their specifications under this series are as follows:

Model	Approx Load Moment (kN. m)	Approx Maximum Load Capacity (tonnes)	Approx Tip Load (tonnes)	Approx Jib Length (m)	Approx Free Standing Height (m)
STL60	600	4	0.8	35	37.28
STL203	2000	12	3	50	34.05
STL203	2000	12	3	50	52.05
STL203	2000	10	3.2	50	34.05
STL203	2000	10	3.2	50	52.05
STL203	2000	8	3.2	50	34.05
STL203	2000	8	3.2	50	52.05
STD31/12	400	6	1.2	31	40.4
STD31/12	400	8	1.2	31	40.4
STL120	1000	8	2.2	45	52.05
STL120	1000	6	2.2	45	52.05
STL230	2300	18	2	55	48.15
STL420	4200	24	4.9	60	72.4
STL720	7200	32	9	60	70.1

***Derrick Q* Series**

Towercranes under our *Derrick Q* series are designed specially for the purpose of dismantling internal climbing towercranes in a safe and reliable manner. Such cranes have no mast and are installed directly on the completed roof-tops of buildings. Towercranes under this series are designed such that each component can be manually assembled and dismantled by hand. In FY2007, our *Derrick* series of towercranes accounted for approximately 0.2% of our total revenue.

The models and their specifications under this series are as follows:

Model	Approx Load Moment (kN. m)	Approx Maximum Load Capacity (tonnes)	Approx Tip Load (tonnes)	Approx Jib Length (m)
QD10	630	10	2	24
QD8	630	6	2	24
QD8	630	8	2	24

Our towercranes have been used in many prominent projects

Our towercranes have been used in many important and prominent projects in the PRC such as in the construction of the China National Opera House in Beijing, the Qinshan Nuclear Power Station, the new terminal for Beijing International Airport (to be opened in preparation for the 2008 Olympic Games), 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.

Our towercranes have also been used in significant projects overseas such as in the construction of the Imperial Wharf and 22 Marsh Wall (The Landmark) in London, UK, the City of Dreams casino in Macau and AZ - St. Jan General Hospital in Brugge, Belgium.

Towercrane Components and Accessories

We also manufacture and/or sell towercrane components and accessories including the steel structural parts of a crane, such as the jib section, mast section, tower head, fixing angle and tie collar. This is complementary to our towercrane manufacturing and sales business. The availability of such items enables our customers to replace worn out or faulty components, to extend the height of the towercranes and the length of the jibs as may be required and in accordance with the specifications of the towercranes. In FY2007 and FY2008Q1, sale of towercrane components and accessories accounted for approximately 16.5% and 24.0% of our total revenue, respectively.

MANUFACTURING PROCESS

The following diagram shows the main steps involved in the manufacturing process of a typical towercrane. The average manufacturing time for a towercrane is approximately 30 to 45 days and we are generally able to deliver a towercrane within 60 to 180 days upon receiving the confirmed order or down payment from our customer.

A general description of the abovementioned manufacturing process of a typical towercrane is set out below:

1	Mechanical Properties Testing	-	Quality tests are run on materials to ensure that they conform to the required standards before they are accepted and transferred to our material stockyard
2	Material Profiling	-	The mother steel plates are cut into the required sizes and shapes by manual or computerised flame or plasma cutters before being transferred to the fabrication station for fabrication purposes
3	Fusion Welding	-	Precisely pre-cut steel components are assembled on jigs with the necessary welding preparations to ensure that each and every welded component is of the same dimension. Proper welding procedures including using the correct welding equipment and welding materials under the right temperatures and post-welding procedures are observed
4	Non Destructive Testing	-	Welded joints are tested using magnetic particle inspection, ultrasonic testing, dye penetration test etc. to ensure that each and every joint is of the standard required as detailed by drawings. If the welded joints fail any of the above tests, the weld is gouged out (removed) and the joints will be resurface prepared then re-welded as described under “Fusion Welding” above
5	Machining and Finishing	-	Facing, boring, turning, drilling and other machining procedures are done using jigs to ensure complete and correct fit in accordance with the required tolerance level
6	Surface Treatment	-	All welded components are shot blasted for stress relief to ensure long life weld joints. They are then treated with a layer of zinc metalising coating as an undercoat, followed by epoxy paint coating and thereafter oven baked to the required specifications
7	Engineering Integration	-	The electrical, hydraulic and mechanical components are assembled according to the work process format and individually signed-off and dated by each assembler
8	General Assembly	-	The towercrane is assembled to the exact configuration as ordered by the customer (except for height)
9	Calibration and Testing	-	Before delivery, each completed towercrane is carefully calibrated to its required specifications (except for height) before it is signed-off and dated by the calibration staff. The towercrane then undergoes a series of tests including the required overloading procedures similar to those as required under CE standard procedures. Upon satisfying these tests, the towercrane is to be signed off and dated by the quality control inspector and special testing team, before they are certified and dated, ready for delivery to the customer
10	Packaging and delivery	-	The fully assembled components are packed by our specialised packing crew into shipping containers for shipment overseas or onto trailers for transportation to specified locations within the PRC

MANUFACTURING FACILITIES AND UTILISATION

Our subsidiary, FSYM Construction had on, 12 September 2007, entered into a lease agreement with FYEM in respect of the premises and land at No.3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province with an aggregate area of approximately 160,000 sq m. The manufacturing facility on this land at which our existing operations are carried out, has an aggregate built-up area of approximately 35,000 sq m and has a production capacity to manufacture 200 units of towercrane per annum.

The maximum capacity and the average utilisation rate of the above manufacturing facility in respect of towercranes for FY2007 and FY2008Q1 are as follows:

FY2007		FY2008Q1	
Maximum Capacity[1] (units)	**Average Utilisation Rate[2] (%)**	**Maximum Capacity[1] (units)**	**Average Utilisation Rate[2] (%)**
200	73.0	50	100.0

Notes:

(1) The maximum annual production capacity measured in crane units is estimated based on 500 direct production workers working on one shift of 8 hours for 320 working days and 100 units of welding machine.

(2) The average utilisation rate in each financial year/period was calculated by dividing the total number of towercrane units produced for the whole of that financial period by the maximum annual production capacity.

Our Company is of the view that it is not meaningful to quantify the productive capacity and the extent of utilisation of the above manufacturing facility in respect of towercrane components and accessories as, if necessary, we are able to source for these externally.

Beijian Manufacturing Agreement

In addition, we have entered into a manufacturing agreement with Beijian whereby Beijian shall provide services for the manufacture of specified towercranes as and when required to do so by FSYM Construction. For further information on the Beijian Manufacturing Agreement, please refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus.

Increase of Production Capacity

We have commenced construction works to build a new manufacturing facility with a total built-up area of approximately 100,000 sq m on an approximately 240,000 sq m site located at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC. Construction is expected to be completed by about the end of 2008. We intend to move our current operations to and to equip this new facility in phases. This new facility is expected, if fully equipped, to approximately double our current production capacity for towercranes. Our proposed manufacture of crawler cranes is intended to be carried out at this new facility. Please refer to the section entitled "General Information on Our Group – Future Plans" in this Prospectus.

Currently, there are no PRC regulatory requirements or environmental issues that may materially affect our utilisation of our tangible fixed assets or the existing manufacturing facility above.

QUALITY CONTROL

We have set in place stringent quality control standards to implement strict measures for quality control in the manufacturing process of our products. We seek to ensure that our products meet the expectations and requirements of our clients. Our quality control system encompasses stringent quality control checks at each stage of our production process, from procurement of raw materials and components, manufacturing to inspection of finished products. As at 30 June 2007, our quality control department comprises 20 employees who have had relevant training in the area of quality control and are equipped with the requisite knowledge to carry out their respective duties. Our Production and Quality Control Manager, Mr Liu Xiao Ming, reports directly to our Chief Executive Officer.

Incoming Quality Control - Purchase of Raw Materials and Components

We consider so far as practicable, amongst other things, our proposed suppliers' supply capacity, product quality, price and reputation. Our quality assurance personnel conduct inspection by sample tests on the raw materials and components that we purchase from the suppliers with a view to ensuring that the quality and specifications of incoming raw materials meet the requirements for our production. Materials that do not meet our requirements are not transferred to our stock yard, and/or are rejected and returned. For steel materials, the mills which supply these provide samples with mill certificates and quality control certificates with laboratory test results to us prior to delivery.

In-process Quality Control - Manufacturing Process

We focus on five main areas, namely, employee training, production equipment, production techniques, raw materials and working environment, to reinforce our quality assurance management. The capability of our employees is the primary element of our quality assurance. We place strong emphasis on the training of our employees so that they observe our production procedures and quality standards in the manufacturing process. We have a special team whose responsibility is to improve our production equipment, production techniques, implement automation studies and improve technical and working environment. Inspection is carried out at various stages of the production process so that remedial and corrective steps are taken along the production process immediately instead of at the end of production to ensure timely intervention should quality issues arise. Our quality assurance personnel conduct physical visits to designated stations along the production lines to check that our production staff adheres to the production standards and requirements of our production standard operating procedures.

Outgoing Quality Control - Finished Products

With a view to ensuring that each product conforms to the required specifications, all our towercranes will be erected and calibrated to the required specifications of each crane, except for height. The cranes are then taken through a series of tests including the required overloading procedures similar to those as required under CE standard procedures. Upon satisfying these tests, the products will be signed off individually by the relevant quality control inspector, before they are certified and dated, ready for delivery to customers.

Maintenance of Our Production Machinery

Our Group's maintenance team regularly carries out preventive maintenance works on our production machinery (including regular calibration of our own production equipment) on a rotation basis with a view to ensure that they operate under optimum conditions and minimise disruptions to our manufacturing process. Our stringent quality control system seeks to ensure that a high standard is maintained during the production process.

AWARDS AND CERTIFICATIONS

Various awards and certificates have been received by companies in our Group over the years. We believe that this is a testimony of our achievements. Some of the recent awards and certificates received are set out below:

Date	Awards and Certifications	Awarding Authority / Accrediting Body
September 2007 (Valid till 5 September 2010)	ISO 9001:2000 Quality Management System Certificate for: (i) the design, manufacture, installation and service of towercrane, crawler crane and fittings; and (ii) the manufacture and service of crane steel structure parts[1] (质量管理体系认证证书)	Xingyuan Certification Centre Co., Ltd. (兴原认证中心有限公司)
March 2007	Honest and Trustworthy Private Enterprise (诚信私营企业)	Fushun Administrative Bureau for Industry and Commerce (抚顺市工商行政管理局) and Fushun Individual Private Enterprise Association (抚顺市个体私营企业协会)
February 2007	Fushun Foreign Investment Enterprise: Advanced Unit in Tax Payment for 2006 (2006年度抚顺市外来投资企业：纳税先进单位)	Fushun City People's Government (抚顺市人民政府)
December 2006	Liaoning Province Small and Medium Enterprise High Quality Well-Known Product: Gold Award (辽宁省中小企业名优产品：金奖)	Liaoning Province Office of Small and Medium Enterprises (辽宁省中小企业厅)
December 2006	Fushun Advanced Unit in Quality Control Work (抚顺市质量管理工作先进单位)	Fushun City Association for Quality Control (抚顺市质量管理协会)
September 2006 (Valid for 2 years)	Commendation for National User Satisfaction in respect of After-Sales Service for 2006 (2006度全国用户售后服务满意表彰)	China Association for Quality (中国质量协会) and National User Committee (全国用户委员会)
September 2006 (Valid till September 2009)	Liaoning Province Famous Export Brand (辽宁省自主出口名牌产品)	Liaoning Province Leading Group for the Development of Export Brands (辽宁省出口品牌建设领导小组)
January 2006 (Valid for 2 years)	Liaoning Province Famous Brand (for our *Topless* towercranes)[1] (辽宁省名牌产品)	Liaoning Province Bureau for Quality and Technical Supervision (辽宁省质量技术监督局) and Liaoning Province Famous Brand Strategic Advancing Committee (辽宁省名牌战略推进委员会)
January 2006 (Valid till December 2008)	Fushun Famous Brand Product (for our *Topless* towercranes)[1] (抚顺名牌产品)	Fushun City People's Government (抚顺市人民政府)
2006	Liaoning Province Outstanding Contribution from a Private Enterprise for 2006[1] (辽宁省2006年杰出贡献民营企业)	Liaoning Province Office of Small and Medium Enterprises (辽宁省中小企业厅) and Liaoning Province Private Enterprises Association (辽宁省民营企业)

Date	Awards and Certifications	Awarding Authority / Accrediting Body
November 2005 (Valid for 3 years)	Satisfied Products (for Models ST55/15, ST60/15, ST70/27, ST70/30)[1] (ST55/15, ST60/15, ST70/27, ST70/30 被评为满意产品)	Engineering Machinery Branch of the China Association for Quality (中国质量协会工程机械分会), National Construction Machinery Facilities User Committee (全国建设机械设备用户委员会) and User Working Committee of the China Association for Engineering Machinery Industry (中国工程机械工业协会用户工作委员会)
November 2005 (Valid for 3 years)	Satisfactory After-sales Service Unit[1] (售后服务满意单位)	Engineering Machinery Branch of the China Association for Quality (中国质量协会工程机械分会), National Construction Machinery Facilities User Committee (全国建设机械设备用户委员会) and User Working Committee of the China Association for Engineering Machinery Industry (中国工程机械工业协会用户工作委员会)
April 2005 (Valid till 28 April 2006)	Liaoning Province Honouring Contracts and Trustworthy Enterprise[1] (辽宁省"守合同重信用"企业)	Liaoning Province Administrative Bureau for Industry and Commerce (辽宁省工商行政管理局)
April 2005	Excellent Achievement for good planning and record-breaking – Second Prize (for our "YMD" slewing mechanism and electronic system)[1] (〈YMD系列回转机构及电控系统〉被评为"献良策，创记录"优秀成果二等奖)	Fushun City Federation of Trade Unions (抚顺市总工会), Fushun City Bureau for Science and Technology (抚顺市科学技术局) and Fushun City Bureau for Labour and Social Security (抚顺市劳动和社会保障局)
January 2005	Fushun Top Foreign Investment Enterprise for earning Foreign Exchange through Exports[1] (抚顺市出口创汇最佳外商投资企业)	Fushun City People's Government (抚顺市人民政府)
January 2005	Liaoning Province Best Trustworthy Enterprise for 2004[1] (2004年度辽宁省最佳诚信企业)	Liaoning Province Office of Small and Medium Enterprises (辽宁省中小企业厅) and Liaoning Province Federation of Small and Medium Enterprises (辽宁省中小企业联合会)
December 2004 (Valid till December 2007)	Liaoning Province Famous Brand "Yongmao"[1] (辽宁省著名商标"永茂")	Liaoning Province Administrative Bureau for Industry and Commerce (辽宁省工商行政管理局)
October 2002 (Valid for 3 years)	Satisfactory After-sales Service Unit[1] (售后服务满意单位)	China Construction Machinery Facilities User Quality Assurance Committee (中国质协用户委员会建设机械设备委员会) and National Construction Machinery Facilities User Committee (全国建设机械设备用户委员会)
December 2000	Fushun City Government Progress in Science and Technology – Third Prize[1] (抚顺市政府科学技术进步奖三等奖)	Science and Technology Review Committee of Fushun City Government 抚顺市政府科学技术评审委员会

Note:

(1) These certificates were awarded to FYEM before FSYM Construction acquired certain assets of FYEM and commenced business operations in May 2006. For further information, please refer to the section entitled "General Information on Our Group – History" in this Prospectus.

SALES AND MARKETING

Our sales and marketing activities are carried out by our Sales and Marketing Department. Our Sales and Marketing Department is responsible for promoting our products to existing and potential distributors and customers and maintaining our relationships with them. As at 30 June 2007, our Sales and Marketing Department comprises 15 employees in the domestic sales division and 14 employees in the international sales division.

Generally, our sales and marketing department is responsible for (i) developing sales strategy in connection with our penetration in the PRC and international markets; (ii) procuring new customers through direct marketing by our referrals; (iii) maintaining relationships with existing customers and (iv)recommending suitable products to existing and new customers.

Sales

Our domestic sales division is responsible for marketing our products for sale in various regions in the PRC. We have set up sales offices in Beijing, Shanghai and Harbin for this purpose.

Our international sales division is responsible for developing any marketing plans for the various target markets according to our Company's business objective. This division works together with our engineering department to coordinate the relevant documentation needed to comply with the relevant safety standards applicable in the respective markets.

Marketing

In order to improve our corporate profile, source for and secure new customers and increase market awareness of our products and brand, we promote our products through advertising and participating in trade fairs and exhibitions. We regularly place advertisements with two major international specialists trade journals, namely, *International Cranes And Specialized Transport* and *Cranes Today* as well as with various domestic specialists trade magazines such as *Construction Machinery (建筑机械)*, *Construction Mechanization (建筑机械化)* and *Construction Machinery Technology and Management (建筑机械技术与管理)*. We maintain a corporate website, www.yongmao.com.cn which provides information about our products and activities and allows us to reach out to potential domestic and overseas customers. **Information contained in our website does not constitute part of this Prospectus.** In addition, our sales and marketing staff make trips to countries where overseas customers are located to better understand their requirements and the business environment in these countries. We also invite our existing and potential customers to visit our manufacturing facilities as we believe such visits allow them to better understand our operations, gain greater confidence in our products and deepen our mutual working relationships.

We also attend domestic and international trade fairs and exhibition, which serve as a good platform for our products to be exhibited. Participation in seminars, fairs and exhibitions also provides us with opportunities to network with our potential and existing customers and allows us to obtain up-to-date information on new products, market trends and consumer demand. Some of the trade fairs and exhibitions that we have participated in or attended are as follows:

Date	Event	Location
April 2007	International Trade Fair for Construction Machinery, Building Material Machines, Construction Vehicles and Equipment (Bauma)	Munich, Germany
December 2006	International Trade Fair for Construction Machinery, Building Material Machines, Construction Vehicles and Equipment (Bauma China)	Shanghai, PRC
April 2006	International Trade Fair for Construction Machinery, Building Machinery, Construction Vehicle (INTERMAT 2006)	Paris, France
March 2005	International Trade Fair for Construction Machinery, Building Machinery, Construction Vehicle (CONEXPO 2005)	Las Vegas, U.S.

After-sales Maintenance Services

We provide in-house after-sales maintenance services to our PRC customers. These services include repair, inspection and maintenance work on the towercranes. For overseas customers, after-sales maintenance services are mainly carried out by our distributors. Generally, our products have a warranty period of 12 months for manufacturing defects. During such period, our customers may contact us or our distributors by email or our telephone hotline if they have queries or problems regarding our products. In addition, if the cranes are faulty, our distributors may despatch technicians to the construction or work site to inspect and carry out the necessary repairs. The technicians may also advise customers to replace the faulty parts.

We seek to provide timely and effective after-sales service as it is crucial to our marketing strategy. After the cranes are delivered to the customer, our after-sales service team provides follow-up services. Within the PRC, our after-sales service team is available to assist our customers 24 hours a day. After-sales service is coordinated through our Beijing office and we have also set up sales offices in Shanghai and Harbin with a view to ensuring prompt response to our customers' needs.

In addition, we currently provide training for our distributors and end-customers free-of-charge. Our appointed distributors send their technical personnel to our training centre in Fushun to attend a diverse range of structured training courses designed by our in-house training team to learn skills and techniques and gain experience in relation to the maintenance and repair of towercranes. The training classes are conducted by our team of professional technical trainers (together with English language translators) and course materials available in both Chinese and English are provided to the trainees. Training courses include electrical mechanical troubleshooting, repair and maintenance, erection and dismantling, climbing and telescoping which is conducted in the classrooms of our training centre and hands-on training conducted in our training workshop. Such training courses are also available to our end-customers who wish to send their technical team to Fushun for training.

RESEARCH AND DEVELOPMENT

We believe that continued research and development to enhance our product quality and expand our product range to meet market demand is important in the growth of our business.

To develop new products or to improve on our existing products, we evaluate market developments and possible future requirements. To do so, we focus our research and development strategy on developing products which meet our customers' future needs.

Our research and development process starts by identifying the market needs before conceptualising how to meet them. We would attend target industry conferences and/or seminars to discuss with industry participants on the industry challenges and outlook. Market information obtained is then passed on to our research and development team comprising specialist technologists and engineers who will then conceptualise a solution. Conceptualisation involves specifying the product and assessing its commercial viability. Should the solution prove feasible and viable, it is then forwarded to our design team for detailed design and development.

Upon completion of a new product design, the new product is tested and modified to meet with PRC and CE towercrane design standards. It is also put through a vigorous duty cycle test programme to determine the wear and tear after a certain number of hours of operation. After the final design and modifications have been completed, we proceed to develop the relevant production process and procedures to tie in with the main production programme. New jigs and tools are then developed to facilitate the new production programme. We also determine the type and amount of materials required for the new model.

The key research and development strategies of our Group include:

- Enhancement of existing crane technologies and development of new products

  We focus on obtaining technical knowledge and understanding which will be used to enhance our existing cranes and to develop new innovative lifting solutions for the market.

- Increase research and development manpower, training and resources

  We believe that our employees are key contributors to the success of our research and development. Thus, we encourage our staff to be involved in various aspects of crane technology development. Our research and development training activities will also include providing our staff with on-the-job training courses.

Research and Development Facilities and Personnel Involved

We have our own research and development facilities in the PRC. Our research and development activities are carried out with the aid of computer-aided design applications. We are able to design and develop the towercranes from the conceptual stage to the production stage and to the final product. In addition, computer-aided design applications enable us to reduce the time and costs in designing and developing new products to suit the requirements and specifications in meeting our customers' future needs.

As at 30 June 2007, our research and development department comprises 30 designers and engineers.

Past Research and Development Activities

Since we commenced manufacturing towercranes, we have developed approximately 50 models and sub-models of towercranes. This has enabled us to broaden our product range. Certain of our achievements are as follows:

Year	Description
2007	Designed and developed STL230 and STL420 *Luffing* towercranes
2006	Designed and developed STT113 *Topless* towercrane and STL120 *Luffing* towercrane
2005	Designed and developed STT403, STT553 and STT200 *Topless* towercranes
2004	Designed and developed STT293 *Topless* towercrane and STL203 *Luffing* towercrane
2003	Designed and developed ST5515 *Topless* towercrane
2002	Designed and developed ST70/27 towercrane
2001	Designed and developed ST50/15 towercrane and STD31/12 *Luffing* towercrane
2000	Designed and developed ST60/15, ST38/07 and ST70/30 towercranes
1999	Designed and developed ST4010 *Topless* towercrane
1998	Designed and developed QD8 *Derrick* towercrane and QTK25A self-erecting towercrane (which is no longer in production)

Please refer to the section entitled "General Information on Our Group – Products" in this Prospectus for information on the products designed and manufactured by our Group.

Current and Future Research and Development Activities

Our research and development and engineering teams are currently developing several new products and enhancements to our current product offering. The following are some of the major new products and product enhancements which are expected to be launched over the next few years:

Targeted Completion	Description
End 2008	*ST* series standard type 1500 t/m mega towercrane
End 2008	17 t at 60m *Luffing* towercrane
End 2008	*SQ* series, 55 t crawler crane
End 2009	*ST* series standard type 2000 t/m mega towercrane
End 2009	*Derrick crane*, 8 t at 36m

The amount spent on research and development activities for FP2006 and FY2007 represented less than 1.0% of our revenue.

STAFF TRAINING

We place strong emphasis on staff training and we conduct various training programmes for our employees to equip them with the requisite knowledge and technical skills. Through staff training, we strive not only to upgrade the skills of our employees but also to use the training sessions to encourage greater cohesion with a view to improving overall productivity.

Our staff training programmes include induction training, continual training and external training.

Induction training

We require our new employees to undergo induction training to equip them with the necessary skills for their jobs, familiarise themselves with the corporate culture, regulations and policies of our Company, our Company's existing and new products and manufacturing and safety regulations. After the induction training, all new employees are required to sit and pass an examination which includes a practical assessment.

Continual training

We also provide on-the-job training programmes for our employees taking into account the requirements of their jobs and with the aim of updating and improving their overall technical skills. The areas covered by the on-the-job training mainly relate to the responsibilities and requirements of the job concerned, safety and production standards and requirements and specialised knowledge in the production of towercranes. Our employees undergo certification courses organised by government-appointed training centres where they receive training on production and safety procedures as well as specialised technical knowledge and skills. We also invite towercrane experts to provide up-to-date technical knowledge and training to our production staff.

We also place emphasis on training our management team to develop problem solving skills, work management skills and people management skills. For this purpose, we conduct different specialised training classes for our senior executives, middle management and supervisory staff, depending on their job requirements.

External training

Our production staff receive external training at technical institutions to keep them up-to-date with the latest technological advances and technical know-how. Selected production staff are sent to universities to further their technical education. Our staff also participate in discussions with various university and polytechnic academics.

The amount of expenditure incurred in relation to staff training for FP2006 and FY2007 and as a percentage of our revenue was insignificant as most of the training was provided internally.

INTELLECTUAL PROPERTY

Trademarks

We sell our products in the PRC and export our products overseas under our brand names "永茂", "YONGMAO" and "SUNCRANE".

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks:

Trademark	Place of Application	Class	Application Number	Application Date	Status
SUNCRANE	PRC	7[(1)]	5296614	18 April 2006	Pending registration
SUN–EARTH	PRC	7[(1)]	5296612	18 April 2006	Pending registration
SUN-FIELD	PRC	7[(1)]	5296611	18 April 2006	Pending registration
SUNTIAN	PRC	7[(1)]	5296615	18 April 2006	Pending registration
SUN	PRC	7[(1)]	5296616	18 April 2006	Pending registration
SYM	PRC	7[(1)]	5296613	18 April 2006	Pending registration
祥茂	PRC	7[(1)]	5296618	18 April 2006	Pending registration
兴茂	PRC	7[(1)]	5296619	18 April 2006	Pending registration
兆茂	PRC	7[(1)]	5296617	18 April 2006	Pending registration
SUNCRANE	PRC	7[(1)]	–	15 June 2006	Pending registration

Note:

(1) Class 7 refers to machinery and machine tools, motors and engines (excluding those used by land vehicles, shaft coupling used for machinery drive and drivers (excluding those used by land vehicles) and non-hand operating agricultural tools (机器和机床, 马达和发动机(陆地车辆用的除外), 机器传动用联轴节和传动机件(陆地车辆用的除外), 非手动农业工具, 卵化器).

In addition, as at the Latest Practicable Date, applications have been made for the transfer to our Group of the following registered trademarks held by FYEM:

Trademark	Place of Registration	Class	Registration Number	Registration Date	Validity Period	Status
永茂	PRC	7[(1)]	1526792[(2)]	21 February 2001	10 years commencing 21 February 2001	Pending approval of transfer
YONGMAO	PRC	7[(1)]	4404222[(3)]	8 December 2004	10 years commencing 8 December 2004	Pending approval of transfer

Notes:

(1) Class 7 refers to machinery and machine tools, motors and engines (excluding those used by land vehicles, shaft coupling used for machinery drive and drivers (excluding those used by land vehicles) and non-hand operating agricultural tools (机器和机床, 马达和发动机(陆地车辆用的除外), 机器传动用联轴节和传动机件(陆地车辆用的除外), 非手动农业工具, 卵化器).

(2) This trademark was registered in the name of FYEM under registration number 1526792. FSYM Construction had on, 9 May 2006, applied for the transfer of such trademark to its name under application number 200618879. The Trademark Bureau had, on 23 May 2006, accepted this application.

(3) This trademark was registered in the name of FYEM under registration number 4404222. FSYM Construction had on, 9 May 2006, applied for the transfer of such trademark to its name under application number 200618878. The Trademark Bureau had, on 23 May 2006, accepted this application.

FYEM is the registered owner of the trademark below, which formed part of the assets agreed to be injected by FYEM into FSYM Construction under the FSYM Construction EJV Contract. It is intended that application will be made for the transfer of this trademark to FSYM Construction.

Trademark	Place of Registration	Class	Registration Number	Registration Date	Validity Period
	PRC	7[1]	4404202	8 December 2004	10 years commencing 8 December 2004

Note:

(1) Class 7 refers to machinery and machine tools, motors and engines (excluding those used by land vehicles, shaft coupling used for machinery drive and drivers (excluding those used by land vehicles) and non-hand operating agricultural tools (机器和机床, 马达和发动机(陆地车辆用的除外), 机器传动用联轴节和传动机件(陆地车辆用的除外), 非手动农业工具, 卵化器).

Patents

As at the Latest Practicable Date, FYSM Construction has been granted the Certificate of Utility Model by the State Intellectual Property Office of the PRC ("**SIPO**") in respect of the following patent:

Patent Name and Description	Patent Number	Validity Period
Slewing mechanism[1] (阻尼式自适应回转调速驱动机构)	ZL 03 2 13939.X	10 years commencing on 3 July 2003

Note:

(1) This patent was transferred by FYEM and Shanghai Pudong Wan Neng Da Electrical Machine Co., Ltd to FSYM Construction on 6 July 2006 based on the Notice of Qualified Procedure dated 14 July 2006 issued by the SIPO.

FYEM has a patent for the design of a main wire rope slack reduction mechanism (塔式起重机托绳小车) which is attached to the trolley of a towercrane. Our Group uses this design for certain of the towercranes that we manufacture. We have entered into an agreement with FYEM under which FYEM has granted us the exclusive right to use this design free of charge from 10 October 2007 to 31 December 2008. The agreement provides that the parties will, on 1 January 2009, negotiate for FSYM Construction to acquire this patent at a price to be agreed taking into account the prevailing market price. We will, if necessary, make an announcement and obtain our independent Shareholders' approval for such acquisition pursuant to Chapter 9 of the Listing Manual.

Save as disclosed above, our business or profitability is not materially dependent on any registered trademark, patent or licence or any other intellectual property rights or any new manufacturing process.

MAJOR SUPPLIERS

We source for our raw materials such as steel materials and towercrane components such as electric motors and gear boxes, hydraulic pumps and motors, fittings and valves, castings and forging components principally in the PRC. In addition, in order to increase our production capacity, we also engage the services of Beijian to manufacture towercranes for us.

The following are the suppliers that supplied 5% or more of our purchases in FP2006 and FY2007:

		Percentage of total purchases (%)	
Name of supplier	**Product supplied**	**FP2006**	**FY2007**
Beijian[1]	Towercranes	–	9.9
Anshan Senke Wuzi Co., Ltd (鞍山森科物资有限公司)	Steel materials	–	6.6
Sichuan Jiuhe Shiye Co., Ltd (四川久和实业有限责任公司)	Towercrane components	–	6.3
Shenyang Pinghui Wuzi Co., Ltd (沈阳平慧物资有限公司)	Steel materials	–	5.0

Note:

(1) Please refer to the section entitled "Interested Person Transactions – Present On-going Interested Person Transactions" of this Prospectus for further information.

We purchase from our suppliers based on their competitiveness, in particular, factors such as price, quality, timely delivery, reliability and level of service. We believe that over the years, we have established good relationships with our suppliers and worked closely with them. As the raw materials and towercrane components supplied by our major suppliers are readily available in the market and can be sourced from other alternative suppliers, save as disclosed above, our Group is not materially dependent on any supplier.

MAJOR CUSTOMERS

In the overseas markets, our customers are mainly construction equipment distributors and equipment rental companies. In the PRC market, our customers are mainly construction companies and equipment rental companies.

The following are the customers whose purchases accounted for 5% or more of our revenue in FP2006 and FY2007:

			Percentage of total revenue (%)	
Name of customer	**Country**	**Product sold**	**FP2006**	**FY2007**
House of Equipment L.L.C.	UAE	Towercrane and towercrance components and accessories	–	27.1%
Lewis Equipment Company	U.S.	Towercrane and towercrane components and accessories	–	16.6%
Jin Long B.V.B.A.	Belgium	Towercrane and towercrane components and accessories	–	13.3%
Beijian	PRC	Steel materials and towercrane components	–	11.4%
AST Equipment (HK) Co. Ltd	Hong Kong	Towercrane and towercrane components and accessories	–	8.8%

We believe that we have established good working relationships with the above major customers. Save as disclosed above, we are not materially dependent on any of our customers for our revenue.

We have entered into a number of distributorship agreements or other arrangements with our customers for the sale of our products overseas. Certain information on the agreements entered into with our major customers is set out below.

Pursuant to an agreement dated 17 May 2006 between FSYM Construction and House of Equipment L.L.C. ("**HOE**"), HOE was granted exclusive rights to distribute and sell our products under our "YONGMAO" brand name and/or other mutually agreed brand name in Saudi Arabia, Qatar, Bahrain, Kuwait, Oman, UAE, Jordan, Yemen, Lebanon, Egypt, Syria and Iran (the "**Middle East countries**"). Subject to consultation with FSYM Construction, HOE is entitled to appoint a sub-distributor in each of the abovementioned countries. The pricing of the products is subject to revision by FSYM Construction in accordance with the agreement. HOE may purchase our products for resale and/or its rental fleet. In the event that we sell our products directly to customers in any Middle East country or a China-based construction company operating in any Middle East country buys our product from us or from a dealer in the PRC and ships it to any Middle East country, FSYM Construction is required to pay HOE a commission based on a minimum of 5% of the selling price of the products. The agreement provides that HOE and the sub-distributors are committed to purchase products of a minimum value of US$6 million (exclusive of taxes and duties) for 2006. The purchase target for each year shall be reviewed by 1 December of the previous year. For 2007, the purchase target is US$6.0 million. The agreement is valid for a period of three years till May 2009, and may be continued thereafter subject to, *inter alia,* termination by either party giving nine months' notice or failure by HOE to achieve 100% of its agreed purchase target.

Pursuant to an agreement entered into in July 2005 and a supplemental agreement dated 16 October 2007, Lewis Equipment Company was granted exclusive rights to distribute and sell our products in the United States, Canada, Mexico, the Carribean, South America and New Zealand and non-exclusive rights to distribute and sell our products in Australia. This arrangement is valid for a period of five years till from October 2007 to October 2012.

Pursuant to an agreement dated 26 August 2004 and a supplemental agreement dated 18 June 2007 (collectively, the "**Jin Long Agreement**"), Jin Long B.V.B.A ("**Jin Long**") was granted exclusive rights to distribute and sell our products in Europe and non-exclusive rights to distribute and sell our products in Israel, Russia and Turkey. Jin Long may purchase our products for resale, letting or leasing. The pricing of the products shall be the price prevailing on the date of delivery, unless otherwise agreed. The prevailing price is that in the price list agreed upon by the parties and still applicable on the date of delivery. Under the Jin Long Agreement, Jin Long commits to do its utmost efforts to realise a minimum turnover of €5 million per calendar year from 2007. This arrangement is valid for a period of nine years till August 2013. If Jin Long fails to achieve the agreed sales target, the arrangement shall be terminated automatically.

As at the Latest Practicable Date, we do not have a formal distributorship agreement with AST Equipment (HK) Co., Ltd.. We sell products to it as and when it places orders.

We sold steel materials and towercrane components to Beijian in FY2007 principally for their use to manufacture towercranes to us. In respect of Beijian, please refer to the section entitled "Interested Person Transactions – Present On-going Interested Person Transactions" of this Prospectus for further information.

We also have distributorship agreements or other arrangements with distributors in respect of sales to India, Ukraine and Singapore.

CREDIT MANAGEMENT

For sales of towercranes in the PRC, we typically require 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, we give credit terms of up to 60 days from the date of invoice.

For our overseas sales of towercranes, we typically require 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 our sales department and approved by our Chief Executive Officer, Ms Tian Ruo Nan and are determined based on the credit worthiness, payment history, transaction volume, financial background, market reputation and the existing relationship that we have with our customers.

Our trade debtors' turnover days for FY2007 and FY2008Q1 are 6 days and 11 days, respectively.

We do not have a policy to make general provisions for any doubtful debts. Specific provision for certain doubtful debts will be made when we are of the view that collectibility of the outstanding debt is doubtful. It may also be written off when we are certain that the customer is unable to meet its financial obligations. Outstanding debtors' balances are reviewed periodically by our Chief Executive Officer, Ms Tian Ruo Nan, our Financial Controller and the relevant sales staff.

We did not make any provisions for doubtful debts and did not have any bad debts write-offs for FY2007 and FY2008Q1.

Payment terms granted by our suppliers vary from supplier to supplier and are also dependent, *inter alia*, on our relationship with the suppliers and the size of the transaction. Typical credit terms range from 30 to 90 days.

Our creditors' turnover days for FY2007 and FY2008Q1 are 32 days and 34 days, respectively.

INVENTORY MANAGEMENT

We commence production based on our customers' confirmed and/or forecast orders. We seek to maintain sufficient raw material inventory stock level for the production of finished products. Our policy is to minimise any potential delay in our manufacturing process due to insufficient raw materials and to keep minimal inventory so as to reduce storage costs.

In general, the level of our inventories, which comprise raw materials, work-in-progress and finished goods, is maintained based on orders placed by our customers and takes into account our estimated future production volume, prices and our working capital. We normally place orders with our suppliers of raw materials on a monthly basis.

Incoming raw materials are subject to sampling inspections by our quality assurance department with a view to ensuring that they are supplied by approved suppliers and that the quality, grade and quantity of such raw materials conform to our order specifications and our internal quality standards. Raw materials which fail to comply with these specifications are rejected. We maintain inventory records and have procedures to keep track of inventory movements relating to purchases and stock of raw materials, the transfer of raw materials for production, the stock of finished products and delivery of finished products to our customers.

We conduct a full stock-take of our inventories bi-annually and also perform selective stock-take of inventories as and when the need arises. Our inventory value was RMB56.6 million and RMB59.6 million as at 31 March 2007 and 30 June 2007, respectively. Inventories are stated in our financial statements at the lower of cost and net realisable value.

There were no provisions for stock obsolescence to net realisable value for FY2007 and FY2008Q1. Our inventory turnover days for FY2007 and FY2008Q1 are 60 days and 51 days, respectively. An analysis of the inventory turnover can be found in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" in this Prospectus.

SEASONALITY

Generally, our main business is not subject to any seasonal factors.

COMPETITION

Our Group operates in a competitive market. Our competitors include existing players as well as new entrants to the crane manufacturing industry. We believe the principal competitive factors in our industry include brand name, pricing, quality and technological features of the product, geographical presence and the experience and capabilities of the management team.

Our Directors believe that the following companies are our major competitors for towercranes, particularly for towercranes of between 80 to 1,000 tonne metres:

Major Competitors based Overseas

- The Liebherr Group – Germany
- Linden Comansa Group – Spain
- Potain, brand of the Manitowoc Crane Group – U.S.
- Terex Comedil – Italy (part of the Terex Group – U.S.)
- WOLFFKRAN GMBH – Germany

Major Competitors based in the PRC

- Zhangjiagang Potain Construction Machinery Co., Ltd (张家港波坦建筑机械有限公司) – Jiangsu
- Sichuan Construction Machinery (Group) Co., Ltd (四川建设机械(集团)股份有限公司) – Chengdu
- Shenyang Sanyo Heavy Industry Group Co., Ltd (沈阳三洋重工集团建筑机械有限公司) – Shenyang
- Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd (长沙中联重工科技发展有限公司) – Changsha

In view of the size and diversity of the crane manufacturing industry, it is not possible to obtain independent statistics on the market share captured by individual companies in our industry. There are also no official statistics that may be used to accurately measure our market share.

In view of our competitive strengths below, we believe that we are well-positioned to offer quality products at competitive prices to compete with our competitors.

COMPETITIVE STRENGTHS

The competitive strengths and advantages of our Group are as follows:

(a) We offer a wide range of towercranes and we also provide a comprehensive range of technical advice and after-sales maintenance services

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. Further information on the various series of towercranes that we manufacture is set out in the section entitled "General Information on Our Group – Products". Given the range of our products, we believe that we have a competitive edge over our competitors.

In the PRC, we also offer technical advice and after-sales maintenance services to keep our cranes operationally safe, efficient and reliable. These services include servicing, maintenance and repair and technical support services. We also provide training for our customers in respect of safety and efficient operations, familiarisation procedures, maintenance and repair. As a testimony of the after-sales service we provide, we have received various awards and certificates as set out in the section entitled "General Information on Our Group – Awards and Certifications" in this Prospectus.

(b) We have a strong in-house research and development team

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. Please refer to the section entitled "General Information on Our Group – Research and Development" in this Prospectus for further information on our research and development activities and track record. We believe that our capability in research and development should continue to enable us to expand our range of products and to develop products that cater to customers' requirements and market demand.

(c) We have strong brand recognition and an established track record

Our "永茂" and "YONGMAO" brand is widely recognised among our customers in the PRC and overseas. Our towercranes have been sold in the United States under our "SUNCRANE" brand since 2005. Our Directors believe that our brands are synonymous with our track record and market reputation in the industry and are associated with quality and reliability. We have received various awards and prizes such as "Liaoning Province Famous Brand", "Fushun Famous Brand Product" and a gold award for "Liaoning Province Small and Medium Enterprise Quality Well-known Product" as set out in the section entitled "General Information on Our Group – Awards and Certifications" in this Prospectus. 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.

(d) We have a stringent quality assurance system

We implement stringent quality control and assurance standards, systems and procedures throughout our manufacturing processes with a view to ensuring that we produce high quality and consistently reliable products to meet the required standards and specifications. Before delivery, all our cranes will be erected and calibrated to the required specifications of each crane, except for height. These cranes are then taken through a series of tests including the required overloading procedures similar to those as required under CE standard procedures. Only upon satisfaction of these tests, will a crane be signed off individually by the special testing team and released for delivery. Please refer to the section entitled "General Information on Our Group – Quality Control" of this Prospectus for further information.

(e) There are significant barriers to entry for new competitors

We believe that there are significant barriers to entry in respect of new competitors for the towercrane manufacturing industry. These include high level of expertise and experience required for design and development of towercranes, amount of capital investment required, 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.

(f) We have an experienced and capable management team

Our management team comprising the Executive Directors and Executive Officers has played a very important role in promoting our growth, and is expected to continue to do so in the future. All members of our management team have in-depth industry knowledge, professional qualifications and experience. Our Executive Chairman, Mr Sun Zhao Lin and our Chief Executive Officer, Ms Tian Ruo Nan each has more than 10 years' experience in the crane manufacturing industry. They are assisted by a senior management team comprising members who have been with our Group for between 5 to 10 years. We believe that our management team is capable of formulating and implementing business strategies to promote our growth and to develop and introduce new products to meet market demand, a factor that is essential to our continued success. Please refer to the section entitled "Directors, Management and Staff" in this Prospectus for further information on our management team.

PROPERTIES AND FIXED ASSETS

As at the date of this Prospectus, our material tangible fixed assets comprise plant structure, plant and machinery, motor vehicles, electronic system and equipment and renovations which as at 31 March 2007 had net book value of approximately RMB19.0 million. None of these are subject to any major encumbrance.

The material properties leased to our Group are as follows:

Location	Approximate Site Area	Use of premises	Tenure	Annual rent	Lessor
No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province, PRC (抚顺市顺城区瑗大路3号)	162,615 sq m with built-up area of approximately 35,332 sq m	Manufacturing facility/office	1 October 2007 to 30 September 2017	RMB4,800,000 for each of the first 2 years RMB6,000,000 for the 3rd year Rent from the 4th year onwards shall be agreed upon by parties based on the prevailing market rates	FYEM
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, 100176)	1191.87 sq m	Office	1 October 2007 to 1 October 2012	RMB480,000 for each of the first 2 years Rent from the 3rd year onwards shall be agreed upon by the parties based on the prevailing market rates	Sun Zhao Lin
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)	137.16 sq m	Office	12 May 2004 to 11 May 2009	RMB69,600 for each of the first 3 years. Rent for the 4th and 5th years shall be agreed upon by the parties based on the prevailing market rates	Zhao Jin Lan (赵金兰)

Location	Approximate Site Area	Use of premises	Tenure	Annual rent	Lessor
84.77 square meters located at 18 Heyuan Street, Daoli District (道理区河源街18号)	84.77 sq m	Office	20 March 2006 to 19 March 2011	RMB16,000 per year	Rong Xian Li (荣宪莉)

Our subsidiary, FSYM Construction, had on 6 January 2007 entered into an agreement with the People's Government of Shuncheng District, Fushun City (抚顺市顺城区人民政府) pursuant to which the Government agreed to grant FSYM Construction land use right in relation to the land located at the Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province with an area of approximately 240,000 sq m for a period of 30 years. The land grant fee aggregating approximately RMB7.2 million has been paid by FSYM Construction. Under the agreement, the total investment amount of FSYM Construction shall be paid up as to not less than sixty per cent. of the total investment amount of RMB320,000,000 (that is, RMB192,000,000) prior to 30 December 2007. FSYM Construction has in December 2007 received a letter from the relevant competent authority, namely, the People's Government of Shuncheng District, Funshun City, that the total investment amount has been changed to RMB275,000,000 and sixty per cent. of it (that is, RMB165,000,000) may be paid up by 30 December 2009. FSYM Construction has received a letter from the People's Government of Shuncheng District, Funshun City on 20 September 2007 that permits FSYM Construction to start planning and construction works at this site, subject to formal application for planning and construction certificates being made when obtaining the land use certificates.

Please also see the Risk Factor "We do not possess valid title to certain properties we currently occupy or intend to occupy" on pages 38 to 39 of this Prospectus.

GOVERNMENT REGULATIONS

The Administrative Rules on Manufacturing Licences of Industrial Products of the PRC (中华人民共和国工业产品生产许可证管理条例) promulgated on 9 July 2005 by the National People's Congress of the PRC ("**NPC**") prescribes the manufacturing licences of industrial products on certain listed products, which, includes hoisting machinery. According to the Rules on Supervision of Special Equipment (特种设备安全监察条例) (the "**Supervision Regulation**") promulgated on 31 March 2003 by the NPC specified hoisting machinery as special equipment, which is subject to the Supervision Regulation and certain other regulations, including the Rules on Manufacture Licences of Mechanical and Electrical Special Equipment (机电类特种设备制造许可规则) (the "**Licence Rule**") promulgated on 17 June 2003 by the General Administration of Quality Supervision Inspection and Quarantine. The above-mentioned regulations require a producer to obtain a manufacturing licence of special equipment (the "**Manufacturing Licence**") before manufacturing hoisting machinery, and the installation and operation of hoisting machinery is subject to the supervision of the PRC General Administration of Quality Supervision, Inspection and Quarantine (中国质量监督检验检疫总局) and/or the Construction Department.

Penalties and remedies for the breach of the above-mentioned regulations by manufacturing, using, or inspecting the hoisting machinery without the Manufacture Licence include clampdowns, confiscation of unlicensed products, repristination of any installment or modification by an entity obtaining the Manufacture Licence, and imposition of a fine from RMB50,000 to RMB200,000. Material breach of the abovementioned regulations may constitute a violation of PRC's criminal law.

The Licence Rule prescribes that the Manufacture Licence shall remain in effect for a period of 4 years from the date of administrative approval. At least 6 months before the date of expiration is required should an entity apply for the renewal of the Manufacture Licence. The entity shall also proceed through the type test and manufacture condition test. The entity shall submit the required documents and pass the certain inspections by the relevant authority.

The Manufacture Licences of Special Equipment obtained by the FSYM Construction is issued pursuant to the Licence Rule.

For information on certain PRC laws and regulations, please refer to "Summary of Certain PRC Laws and Regulations" as set out in Appendix I to this Prospectus.

LICENCES, PERMITS AND APPROVALS

We have the following material licences, permits, approvals and certifications from the relevant authorities, which are required for the conduct of our business or the export of our products:

Licences, permits and approvals	Issuing Body / Party	Brief Description	Duration
Business Licence (企业法人营业执照)	Fushun Administrative Bureau for Industry and Commerce	Permit to design, manufacture, distribute and install the construction machinery equipments, engineering machinery and tower cranes, automobile cranes, machine processing and providing after-sales maintenance services	From 9 June 2006 to 19 January 2026
Manufacturing Licence of Special Equipment (TS2410592-2008)[1] (特种设备制造许可证)	State Administration of Quality Supervision, Inspection and Quarantine (国家质量监督检验检疫总局)	Permit to manufacture towercranes (塔式起重机) and crawler cranes (流动式起重机)	From 5 June 2003 to 4 June 2008
Manufacturing Licence for Special Equipment (TS2410017-2005B)[1] (特种设备制造许可证)	State Administration of Quality Supervision, Inspection and Quarantine (国家质量监督检验检疫总局)	Permit to manufacture super large sized hoisting machinery (超大型起重机械)	From 16 March 2005 to 15 March 2009
KOSHA Certificate	Korea Occupational Safety and Health Agency	Certification in respect of ST70/30, certifying this model has passed design inspection	From 23 July 2003[2]
KOSHA Certificate	Korea Occupational Safety and Health Agency	Certification in respect of STL203, certifying this model has passed design inspection under the Industrial Safety and Health laws	From 22 February 2005[2]
EC Declaration of Conformity	Jin Long / AIB-Vincotte Group[3]	ST5515 towercrane conforms to the relevant directive and the fundamental safety and health requirements	From 14 July 2005[2] [3]
EC Declaration of Conformity	Jin Long /AIB-Vincotte Group[3]	STT293 towercrane conforms to the relevant directive and the fundamental safety and health requirements	From 22 March 2005[2]
EC Declaration of Conformity	Jin Long / AIB-Vincotte Group[3]	ST70/30 towercrane conforms to the relevant directive and the fundamental safety and health requirements	From 3 February 2005[2]

Licences, permits and approvals	Issuing Body / Party	Brief Description	Duration
EC Declaration of Conformity	Jin Long / AIB-Vincotte Group[3]	STT113 towercrane conforms to the relevant directive and the fundamental safety and health requirements	From 7 September 2006[2]
EC Declaration of Conformity	Jin Long / AIB-Vincotte Group[3]	STT403 towercrane conforms to the relevant directive and the fundamental safety and health requirements	From 20 September 2006[2]
UkrSEPRO Certificate	CDS TYSK (on behalf of the State Committee on Technical Regulation and Consumer Policy)	STT253, STT200, ST5515B, ST70/30 and ST60/15 towercranes conform to the applicable Ukrainian standards, technical norms or recipes (including safety requirements)	From 23 March 2007 to 9 March 2009

Notes:

(1) These manufacturing licences were issued to FSYM Construction on 7 August 2007. Please see the section entitled "General Information on Our Group – Government Regulations" in this Prospectus for certain information on the duration and renewal of such licence.

(2) These certifications do not specify an expiry date. In respect of the EC Declaration of Conformity, if adjustments/changes are made to the relevant product without relevant approvals, the declarations will be expired.

(3) Based on publicly available information, AIB-Vincotte Group is a notified body that has been nominated by the Belgium government and notified by the European Commission. It provides, *inter alia*, services for conformity assessment on the conditions set out in the relevant European Union directives in support of CE Marking. This normally means assessing manufacturers' conformity to the essential requirements listed in each relevant directive.

(4) Owing to modifications to the ST5515 towercrane, a new EC Declaration of Conformity in respect of ST5515 was issued to FSYM Construction on 22 February 2007.

INSURANCE

As at the Latest Practicable Date, we have obtained insurance policies for certain of our assets such as machinery and computers for an aggregate insurance coverage of approximately RMB3.0 million. Our Directors believe that the policy specifications and insured limits of these insurances are in line with normal commercial practice and that the coverage from these insurance policies is adequate for our present requirements.

Our PRC subsidiary is required to maintain mandatory social insurance for its employees. We have implemented the social insurance plan which includes retirement pension insurance, unemployment insurance and medical insurance, as required by the local social insurance administrative agency.

PROSPECTS

As the towercranes we manufacture are mainly used in the construction industry, our growth is principally driven by the growth in the construction industry globally.

We believe that, barring unforeseen circumstances, the demand for towercranes in the PRC and overseas is likely to continue to grow over the next few years primarily due to growth in the global economy which has been accompanied by a sharp pick-up in the development of industrial countries and rapid expansion in emerging markets. Together with expected multi-billion dollar projects, business visibility for the construction industry appears good. Certain of these projects are expected to come on-stream in about the next five years, others over longer periods.

In the PRC, large influx of direct foreign investment accompanied by the PRC's strong economic growth has seen the PRC becoming a global economic powerhouse. This has in turn led to an increase in Chinese residential, industrial and other infrastructure developments. In addition, the construction industry in the PRC has benefited from PRC's inclusion in the World Trade Organisation and the widespread construction activities in preparation for the 2008 Olympics in Beijing and 2010 World Expo in Shanghai. In line with the expected growth of its economy, the PRC Government is expected to continue to invest in infrastructure projects such as the more than 30 nuclear power plants in the PRC. This in turn offers growth opportunities for our business.

Taking into account the above, we believe there will be sustainable demand for construction equipment like towercranes. Further, we believe that in the short term the industry will face a shortage in capacity to meet the demand and technical requirements for towercranes of the higher-class tonnage that we manufacture. Accordingly, it is expected that the supply of towercranes will remain tight in the next few years. Barring unforeseen circumstances, our Directors are optimistic of the prospects of our Group.

Trend Information and Order Books

Our major customers typically place order forecasts with us at the start of each year to facilitate our production planning and materials procurement programme. As at the Latest Practicable Date, our order book based on confirmed orders from our customers amounted to approximately RMB400 million of which approximately 50 per cent. is scheduled to be fulfilled and delivered during the current financial year and the balance during FY2009.

For the current financial year up to the Latest Practicable Date, we have not experienced any significant fluctuation in the selling prices of our products and the costs of our key raw materials and towercrane components and accessories. Barring any unforeseen circumstances, we do not expect any significant changes in the selling prices of our products and the costs of our key raw materials and towercrane components and accessories for the rest of the current financial year.

Save as disclosed above and in the sections entitled "Risk Factors", "Management Discussion's and Analysis of Financial Condition and Results of Operation" and "Prospects" in this Prospectus respectively, and barring any unforeseen circumstances, our Directors believe that there are no other significant recent trends in production, sales and inventory, the costs and selling prices of our products and services or other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" in this Prospectus.

FUTURE PLANS

Our aim is to further develop our base in the PRC domestic market, expand our share in the international market and to establish ourselves as a leading towercrane manufacturer. The following is a description of our key future plans.

Increase Our Production Capacity

With increasing demand for towercranes in both the PRC and overseas markets, we intend to expand our production capacity of towercranes to meet this demand. We have commenced construction works to build a new manufacturing facility with a built-up area of approximately 100,000 sq m on an approximately 240,000 sq m site located at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC. Construction is expected to be completed by about the end of 2008. We intend to move our current operations to and equip this new facility in phases. This new facility, if fully equipped, is expected to approximately double our current production capacity for towercranes. Our proposed manufacture of crawler cranes is intended to be carried out at this new facility. Our Directors believe that with this new manufacturing facility and taking into account the manufacturing arrangement with Beijian as described in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus, we will be one of the leading towercrane

manufacturers in terms of production capacity in the 80 to 500 tonne metres class. The total cost of this investment is estimated to be approximately S$54.3 million (equivalent to approximately RMB275.0 million), of which approximately S$14.4 million (equivalent to approximately RMB73.0 million) has been expended as at the Latest Practicable Date. We intend to utilise approximately S$31.6 million (equivalent to approximately RMB160.0 million) of the net Invitation proceeds for the construction of the new facility and acquisition of plant and machinery and to fund the balance from internal resources and/or borrowings from financial institutions. Please refer to the section entitled "Use of Proceeds and Expenses of the Invitation" in this Prospectus for further information.

Explore Strategic Investments or Acquisition Opportunities

In addition to growing organically, we intend to expand our capabilities and business through acquisitions, joint ventures or strategic alliances with companies that could create synergies with our existing business. Such companies may include manufacturers of other types of cranes or construction equipment parts and assembly. Pursuant to a non-legally binding letter of understanding between Mr Sun Zhao Lin, Ms Tian Ruo Nan and FSYM Construction, it is provided that Mr Sun Zhao Lin and Ms Tian Ruo Nan will, if called upon by FSYM Construction on or before 31 December 2008 (which may be extended as provided in such letter), procure that FYIG enters into a conditional sale and purchase agreement for the sale to FSYM Construction of FYIG's 66% equity interests in Beijian on certain specified principal terms and conditions. One of these terms is that the consideration for the sale and purchase shall be a price to be agreed or at a price equal to the prevailing market value of such equity interests as determined by an independent valuer in the PRC, whichever is higher. Any such sale and purchase is expected to be conditional, *inter alia*, upon the receipt of relevant approvals in the PRC, our independent Shareholders' approval and completion of due diligence on Beijian satisfactory to FSYM Construction. This acquisition, if entered into, is expected to be funded by internal resources and/or borrowings from financial institutions.

Expand Our Product Range and Customer Base

We place strong emphasis on product development to improve the performance of our products and also seek to expand our product range. We will continue to focus on the development of new products, improving upon our existing products and enhancement of existing crane technologies in the market through research and development efforts. Please refer to section entitled "General Information on Our Group – Research and Development" in this Prospectus for information.

We have purchased certain equipment machinery and crawler crane design and manufacturing drawings for RMB3.0 million and currently intend to conduct testing and development of crawler cranes in about mid-2008 and commence production of crawler cranes in our new manufacturing facility by about the end of 2008. Please refer to the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus.

In addition, we seek to increase our customer base in both existing and new markets.

Our Group intends to explore restructuring our business operations such that export sales may be handled by our Company or another non-PRC subsidiary with a view to catering to our customers' needs and preferences.

MANAGEMENT REPORTING STRUCTURE

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. Certain information on our Directors is set out below:

Name	Age	Address	Occupation
Sun Zhao Lin (孙兆林)	51	11-7 Yongantai Street, Xinfu District, Fushun City, Liaoning Province, PRC 113008	Executive Chairman of our Group
Tian Ruo Nan (田若南)	51	11-7 Yongantai Street, Xinfu District, Fushun City, Liaoning Province, PRC 113008	Chief Executive Officer of our Group
Ng San Tiong	55	53 Jalan Daud, Singapore 419590	President and Chief Executive Officer of Tat Hong
Sun Tian (孙田)	25	68 Bayshore Road, #26-06 Costa del Sol, Singapore 469986	Non-Executive Director of our Company
Lim Kok Yong	50	67 Hume Avenue, #04-09, Singapore 598744	Managing Director of Dyno Engineering Pte Ltd
Chua Kee Lock	46	124 Tanjong Rhu Road, #03-05, Singapore 436916	President and Executive Director of Biosensors International Group, Ltd.
Ho Chew Thim	56	36B Dunearn Road, #03-08 Chancery Court, Singapore 309427	Chief Financial Officer of CNA Group Ltd
Steve Lai Mun Fook	56	137 Sunset Way #02-14, Gatehouse, Clementi Park, Singapore 597159	Chief Executive Officer of PSB Technologies Pte Ltd and Chief Executive Officer of PSB Academy Pte Ltd

Information on the business and working experience of our Directors is set out below:

Mr Sun Zhao Lin is our Executive Chairman. He is the founder of our Group and was appointed to our Board on 3 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" (辽宁省劳动模范) 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).

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 (抚顺人民代表会常务会员会).

Mr Ng San Tiong is our Deputy Chairman and Non-Executive Director and was appointed to our Board on 28 June 2007. He is currently the President and Chief Executive Officer of Tat Hong and is responsible for the overall operations of the Tat Hong group. Mr Ng has more than 20 years of working experience in the heavy equipment and hiring business. Prior to this, he was a civil engineer in Jurong Town Corporation from 1976 to 1978. Mr Ng graduated with a Bachelor of Science (Honours) from the University of Technology, Loughborough, United Kingdom in 1976. He was awarded The Public Service Medal (Pingat Bakti Masyarakat) in August 2002 by the President of the Republic of Singapore.

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.

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. 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. In 1983, he joined L&M Systems Pte. Ltd. as a General Manager, a position he held until 1993. Prior to this, he was an assistant sales manager at Hargill Pte. Ltd. from 1981 to 1983. Mr Lim joined Takenaka Komuten in 1980 as a site supervisor. Mr Lim graduated with a Diploma in Civil Engineering from Singapore Polytechnic in 1979.

Mr Chua Kee Lock is our Lead Independent Director and was appointed to our Board on 28 December 2007. He is currently the President and 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 also 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 is one of our Independent Directors and was appointed to our Board on 28 December 2007. He is currently the Chief Financial Officer of CNA Group Ltd and is presently responsible for its overall financial management. He 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.

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.

The list of the principal present and past directorships of each Director over the last five years excluding those held in our Company, is set out below:

Name	Principal present directorships	Principal past directorships
Sun Zhao Lin	*Group Companies*	*Group Companies*
	Fushun Yongmao Construction Machinery Co., Ltd	Nil
	Other Companies	*Other Companies*
	Beijing Yongmao Construction Jiangong Machinery Manufacturing Co., Ltd Beijing Yongmao Cultural Development Co., Ltd. Fushun Yongmao Concrete Machinery Co., Ltd. Fushun Yongmao Engineering Machinery Co., Ltd Fushun Yongmao Industry and Trade Co., Ltd. Fushun Yongmao Industry Group Co., Ltd Shanghai Huaxing Tat Hong Co., Ltd Shanghai Tat Hong Equipment Rental Co., Ltd Shanghai Zhaomao Engineering Machinery Co., Ltd. Sunny Ocean Overseas Limited Yongmao Engineering (Singapore) Pte Ltd	Nil
Tian Ruo Nan	*Group Companies*	*Group Companies*
	Fushun Yongmao Construction Machinery Co., Ltd	Nil
	Other Companies	*Other Companies*
	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd Fushun Yongmao Industry and Trade Co., Ltd. Fushun Yongmao Industry Group Co., Ltd Fushun Yongmao Engineering Machinery Co., Ltd Yongmao Engineering (Singapore) Pte Ltd	Fushun Yongmao Hydraulic Machinery Co., Ltd.
Ng San Tiong	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Betaline Pty Ltd Bonneville Investments Pty Ltd BT Equipment Pty Ltd CAA Properties Pty Ltd Chwee Cheng & Sons Pte Ltd CSC Holdings Ltd Dyno Engineering Pte Ltd EQR Investment Pty Ltd Esteem Windows Sdn Bhd Fortreau Investments Pte Ltd GBC Pte Ltd Girdnal Oilfield Services, Inc Indaman Persona Sdn Bhd	Apex-Pal International Pte Ltd CMC Construction Pte Ltd Davsan Investments Pty Ltd Everstate Investments Pte Ltd Fersina (Singapore) Pte Ltd Indtrade.Com Pte Ltd Load Controls Systems Pte Ltd Myanmar Tat Hong Ltd PNP Investments Pte Ltd Poh Seng Housing Developers Pte Ltd RAC Car Rental Pte Ltd Taihon Crane Lease Co., Ltd Tat Hong Plant Hire (Taiwan) Ltd

Name	Principal present directorships	Principal past directorships
	Inprint-Systems Asia Pacific Pte Ltd Integro Technologies Pte Ltd J Chanel Enterprise Pte Ltd Jiangsu Zhenghe Tat Hong Equipment Rental Co., Ltd. Jiangsu Zhonghe Huaxing Equipment Rental Co., Ltd. Kingston Industries Pty Limited KP Equipment Services Inc. (in voluntary liquidation) KT Lion Oilfield Services Limited KTH Mining Engineering Pte. Ltd. Label-Tech (S) Pte Ltd Leadpoint Pte Ltd Midvest Properties Sdn Bhd Office Cleaning Services Pty Ltd Plant and Machinery Parts Pty Ltd (in voluntary liquidation) Poh Seng Realty Pte Ltd PSR Properties Pte Ltd PT Tat Hong Energy Indonesia PT Tatindo Heavy Equipment Regality Holdings Pte Ltd SAC Nominee Pty Ltd Salutory Creation (M) Sdn Bhd Sophia Holdings Pty Ltd Sophia Investments Pty Ltd Sperise Sdn Bhd (in voluntary liquidation) Tat Hong (Australia) Pty Ltd Tat Hong Development Pte Ltd Tat Hong Energy Pte Ltd Tat Hong Equipment (China) Pte. Ltd. Tat Hong Equipment Finance Pty Ltd Tat Hong Heavy Equipment (M) Sdn Bhd Tat Hong Heavy Equipment (HK) Ltd Tat Hong Heavy Equipment (Pte.) Ltd. Tat Hong Holdings Ltd Tat Hong Industries Pte Ltd Tat Hong International Pte Ltd Tat Hong Investments Pte Ltd Tat Hong Plant Hire Sdn Bhd Tat Hong Plant Leasing Pte Ltd Tat Hong Properties Pte Ltd Tat Hong Properties Sdn Bhd Tat Hong Training Services Pte Ltd Telopya Holdings Pty Ltd TH Investments Pte Ltd THL Engineering Pte. Ltd. THP Investments Pty Ltd Tonnycliffe Pty Ltd Tropical Industrial Building Pte. Ltd. Tutt Bryant Group Pty Ltd	Tat Hong United Logistics Pte Ltd Tat Hong-Comedil Pte Ltd
Sun Tian	*Group Companies*	*Group Companies*
	Fushun Yongmao Construction Machinery Co., Ltd	Nil
	Other Companies	*Other Companies*
	Sunny Ocean Overseas Limited	Nil

Name	Principal present directorships	Principal past directorships
Lim Kok Yong	*Group Companies*	*Group Companies*
	Fushun Yongmao Construction Machinery Co., Ltd.	Nil
	Other Companies	*Other Companies*
	Dyno Engineering Pte. Ltd. Leadpoint Pte. Ltd. Jiangsu Zhenghe Tat Hong Equipment Rental Co., Ltd. Jiangsu Zhonghe Huaxing Tat Hong Equipment Rental Co., Ltd. Joyfort Investment Pte. Ltd. Shanghai Tat Hong Equipment Rental Co., Ltd. Sun-Pacific Equipments Pte. Ltd.	Twinwood Engineering Limited (now known as Hup Soon Global Corporation Limited)
Chua Kee Lock	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Logitech International S.A. (Switzerland) Biosensors International Group, Ltd Biosensors International Pte Ltd Biosensors Interventional Technologies Pte Ltd BRC Asia Limited Biosensors Indonesia Pte Ltd	Best Bar Pty Ltd Best Bar (Vic) Pty Ltd BI Walden Management Kedua Sdn Bhd BI Walden Management Ketiga Sdn Bhd BI Walden Ventures Ketiga Sdn Bhd BI Walden Ventures Keempat Sdn Bhd BI Walden Ventures Sdn Bhd BJH Pte Ltd Burwill Trading Pte Ltd Campus Singapore Pte Ltd China Silvertone Investment Co Ltd Com2us Corporation Digiland Pte Ltd Easteel Construction Services Pte Ltd Eastern Steel Services Pte Ltd Eastern Wire Pte Ltd Emar Networks Corporation EW Reinforcement Pty Ltd Eworld of Sports.com Ltd FreeSystems Pte Ltd Goldblatt Pte Ltd InfoTech Ventures Ltd iGine Pte Ltd Innvo Systems Pte Ltd Internet Technology Group Ltd Intraco Limited Lee Metal Group Ltd LN Golf Holdings Pte Ltd LN Golf Management Pte Ltd NatFerrous Pte Ltd Ndoors Corporation Pacific Internet Limited Rock Mobile (Cayman) Corporation Seed Ventures II Limited Seed Ventures Management Pte Ltd Seed Ventures III Pte Ltd Sinosun Holding Corporation Teledata (Singapore) Limited The Siam Industrial Wire Co Ltd Walden International Singapore Pte Ltd WIIG Global Ventures Pte Ltd

Name	Principal present directorships	Principal past directorships
Ho Chew Thim	*Group Companies* Nil	*Group Companies* Nil
	Other Companies RH Energy Ltd	*Other Companies* Achieva Components Pte Ltd Achieva Components China Ltd Achieva Components (India) Pte Ltd Achieva Components International Trading (Shanghai) Co Ltd Achieva Components Sdn Bhd Achieva Components (Taiwan) Co Ltd Achieva Electronics Pte Ltd Achieva Electronics Sdn Bhd Achieva Investments Pte Ltd Achieva Investments (China) Pte Ltd Achieva Limited Achieva Service Centre Sdn Bhd Achieva Technology Australia Pte Ltd Achieva Technology Australia Pty Ltd Achieva Technology China Ltd Achieva Technology Indonesia Pte Ltd Achieva Technology Philippines Pte Ltd Achieva Technology Pte Ltd Achieva Technology Sdn Bhd EA Tech Pte Ltd Mangrove Networks Sdn Bhd Newtech Electronics Pte Ltd Stacks Holdings Sdn Bhd Stacks Technology Sdn Bhd
Steve Lai Mun Fook	*Group Companies* Nil	*Group Companies* Nil
	Other Companies JCU Singapore Pte Ltd Novo Quality Services (Malaysia) Sdn Bhd Novo Quality Services (Thailand) Co., Ltd Novo Spring International Pte Ltd Novo Safety and Environmental Technology (Guangzhou) Ltd PSB Academy Pte Ltd PSB Certification Pte Ltd PSB Electronics (Shanghai) Co., Ltd PSB Management Consulting (Shanghai) Co., Ltd PSB Technologies Pte Ltd PT PSB Intellis Regional Institute of Environmental Technology Tianjin Novo Fangyuan Membrane Sepatation Technology Co., Ltd TUV SUD PSB Pte Ltd Xinjiang Creatus – PSB Foreign Affairs Institute	*Other Companies* James Cook University Singapore Novo International Holdings Co., Ltd Novo Quality Services (M) Sdn. Bhd. Opto-Precision Pte Ltd PSB Exelearn Pte Ltd PSB Test (Thailand) Co., Ltd

EXECUTIVE OFFICERS

Certain information on our Executive Officers is set out below:

Name	Age	Address	Occupation
Yap Soon Yong	39	Blk 215, Bukit Batok Street 21 #03-335, Singapore 650215	Financial Controller
Li Tao (李涛)	44	3-201 No.4 Building, Shunfu Garden, Shuncheng District, Fushun City, Liaoning Province, PRC 113006	Sales and Marketing Manager
Liu Xiao Ming (刘晓明)	38	5-102, No.10 Building, Block 13, Chengdong District, Fushun City, Liaoning Province, PRC 113006	Production and Quality Control Manager
Tian Cheng Tian (田承天)	49	7-22 Zhanqian Street, Xinfu District, Fushun City, Liaoning Province, PRC 113008	Purchasing Manager
Li Long (李龙)	43	Jiangjun Street, Shuncheng District, Fushun City, Liaoning Province, PRC 113006	Administrative Manager
Lou Ji Qiang (娄继强)	40	10-3 Dongzhou, Fushun City, Liaoning Province, PRC 113000	Project Manager
Yu Hao Bo (于浩波)	32	15-16 Hedong Street, Shuncheng District, Fushun City, Liaoning Province, PRC 113006	Finance Manager

Information on the business and working experience of our Executive Officers is set out below:

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 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 FSYM Construction. 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.

Name	**Principal present directorships**	**Principal past directorships**
Yap Soon Yong	*Group Companies*	*Other Companies*
	Nil	Nil
	Group Companies	*Other Companies*
	Nil	Nil
Li Tao	*Group Companies*	*Other Companies*
	Nil	Nil
	Group Companies	*Other Companies*
	Nil	Nil
Liu Xiao Ming	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil
Tian Cheng Tian	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil

Name	Principal present directorships	Principal past directorships
Li Long	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil
Lou Ji Qiang	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil
Yu Hao Bo	*Group Companies*	*Other Companies*
	Nil	Nil
	Group Companies	*Other Companies*
	Nil	Nil

The following are noted:

(a) Ms Tian Ruo Nan, our Chief Executive Officer, is the spouse of our Executive Chairman, Mr Sun Zhao Lin.

(b) Mr Sun Tian, our Non-Executive Director is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan.

(c) Mr Tian Cheng Tian, our Purchasing Manager, is the brother of Ms Tian Ruo Nan.

(d) Mr Ng San Tiong is a nominee Director of Tat Hong on our Board and is a Substantial Shareholder of Tat Hong.

(e) Mr Lim Kok Yong is a nominee Director of Tat Hong on our Board.

Save as disclosed herein including the section entitled "Interested Person Transactions" in this Prospectus, (i) none of our Directors and Executive Officers have any family relationship with one another nor are they so related to any Substantial Shareholder of our Company, and (ii) none of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or other persons, pursuant to which such Director or Executive Officer was selected as a Director or key executive of our Company.

REMUNERATION

The compensation paid to our Directors and our Executive Officers for services rendered to us and our subsidiary on an individual basis and in remuneration bands during FP2006, FY2007 and expected to be paid for the current financial year is as follows:

Names	FP2006	FY2007	Estimated amount for FY2008[1]
Directors			
Sun Zhao Lin	Band A	Band A	Band A
Tian Ruo Nan	Band A	Band A	Band A
Ng San Tiong	–	–	Band A
Sun Tian	Band A	Band A	Band A
Lim Kok Yong	Band A	Band A	Band A
Chua Kee Lock	–	–	Band A
Ho Chew Thim	–	–	Band A
Steve Lai Mun Fook	–	–	Band A
Executive Officers			
Yap Soon Yong	–	–	Band A
Li Tao	Band A	Band A	Band A
Liu Xiao Ming	–	Band A	Band A
Tian Cheng Tian	Band A	Band A	Band A
Li Long	Band A	Band A	Band A
Lou Qi Qiang	Band A	Band A	Band A
Yu Hao Bo	Band A	Band A	Band A

Note:

Band A means compensation of an amount between S$0 and S$249,999.

(1) The estimated amount under FY2008 does not take into account the performance bonus that our Executive Chairman and Chief Executive Officer are entitled to receive under their respective Service Agreements, information which is set out in the section entitled "Directors, Management and Staff – Service Agreements" in this Prospectus.

We have not set aside or accrued any amounts for our employees to provide for pension, retirement or similar benefits.

EMPLOYEES

As at 30 June 2007, we had a workforce of approximately 700 full-time employees. Save for two employees who are based in Singapore, all our employees are based in the PRC. We did not have a significant number of temporary employees as at the end of FY2007.

Employees of our subsidiary, FSYM Construction, are organised under a union formed to protect the legal interests of the employees. FSYM Construction has entered into a collective agreement with the union. We believe that the relationship and cooperation between the management and the union is good. There has not been any incidence of general work stoppages or labour disputes which affected the operations of our Group in any material respect since our Company's incorporation.

The functional distribution of our full-time employees as at the end of each of FP2006 and FY2007 were as follows:

Function	FP2006	FY2007
Management	8	8
Administration[1]	39	65
Purchasing	22	25
Finance	9	9
Sales and Marketing	25	27
Quality Control and Research and Development	31	47
Production[2]	364	486
Projects	0	1
Total	**498**	**668**

Notes:

(1) The increase in the number of our administration employees was mainly due to an increase in the number of security personnel and expansion of our administrative office.

(2) The increase in the number of our production employees was mainly due to an expansion in our production capacity.

SERVICE AGREEMENTS

Our Company has entered into separate service agreements (the "**Service Agreements**") with our Executive Directors, namely, Mr Sun Zhao Lin and Ms Tian Ruo Nan, for a period of three years with effect from 1 January 2008 (unless otherwise terminated by either party giving not less than six months' notice to the other or payment of an amount equivalent to six months' salary based on the last drawn month salary in lieu of notice). We may also terminate the Service Agreements of our Executive Directors if he or she, amongst other things, commits any material or persistent breach of the provisions of their respective Service Agreements, becomes of unsound mind, becomes bankrupt or shall be guilty of conduct likely to bring himself or herself or our Group into disrepute. Neither of these Executive Directors will be entitled to any benefits upon termination of their respective Service Agreements.

Pursuant to the terms of their respective Service Agreements, each of Mr Sun Zhao Lin and Ms Tian Ruo Nan is entitled to an annual salary of RMB1.0 million. In addition, for FY2008, if our consolidated net profit before tax and extraordinary items and after deducting profit before tax attributable to minority interests if any ("**NPBT**") exceeds RMB80.0 million, each such Executive Director is entitled to a performance bonus of 2.7% of the NPBT in excess of RMB80.0 million, subject to a maximum of two times of their aforesaid annual salary. The aforesaid annual salary and performance bonus are subject to annual review by our Remuneration Committee.

Directors' fees do not form part of the terms of the Service Agreements as these require the approval of Shareholders in our Company's annual general meeting.

All travelling, entertainment and other out-of-pocket expenses reasonably incurred by the Executive Directors in the discharge of their duties shall be borne by our Company, subject to the terms and conditions of the Service Agreements.

Had the Service Agreements been in existence for FY2007, the aggregate remuneration paid to the Executive Directors would have been approximately RMB2.0 million instead of RMB0.3 million and our profit attributable to Shareholders would have been approximately RMB57.5 million instead of RMB59.2 million.

The Service Agreements also provide for certain restrictions on the Executive Directors similar to their undertakings not to compete described in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus, which shall apply during the term of their Service Agreements and for a period of 12 months after termination.

Save as disclosed above, there are no existing or proposed service agreements between our Company, our subsidiary and any of our Directors and there are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or our subsidiary which provide for benefits upon termination of employment.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, the Directors, Chief Executive Officer or controlling shareholders of our Company or the associates of such Directors, Chief Executive Officer or controlling shareholders) are known as interested person transactions.

The sections entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" and "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus and the following discussion set out our interested person transactions, which are material in the context of the Invitation, for FP2006, FY2007 and the period from 1 April 2007 up to the Latest Practicable Date.

We have also disclosed interested person transactions which may not be material but for which we intend to seek our Shareholders' Mandate if they are to be renewed.

PAST INTERESTED PERSON TRANSACTIONS

Equity Joint Venture in respect of FSYM Construction

On 20 October 2005, our Company entered into an agreement with Mr Sun Zhao Lin, Mr Sun Tian and FYEM (the "**Shares Purchase & Capital Increase Agreement**") relating to the transfer of equity interests in FSYM Construction and increase in the registered capital of FSYM Construction.

Mr Sun Zhao Lin and Mr Sun Tian are our Directors and controlling shareholders. FYEM is an associate of Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian, our Directors and controlling shareholders. A company which is wholly-owned by them, together with their relative, holds 100% of the equity interest in FYEM.

Mr Sun Zhao Lin who held 60% (RMB3.0 million, equivalent to approximately US$0.372 million) of the equity interest of FSYM Construction agreed to transfer equity interest representing 50% of FSYM Construction (RMB2.5 million, equivalent to approximately US$0.31 million) to FYEM. Mr Sun Tian who held 40% (RMB2.0 million, equivalent to approximately US$0.248 million) of the equity interest of FSYM Construction agreed to transfer equity interest representing 30% of FSYM Construction (RMB1.5 million, equivalent to approximately US$0.186 million) to our Company and the remaining 10% equity interest (RMB0.5 million, equivalent to approximately US$0.062 million) to FYEM. The parties agreed that the new registered capital of FSYM Construction shall be US$7.0 million, in the proportions of 60% (US$4.2 million) held by FYEM, 30% (US$2.1 million) held by our Company and 10% (US$0.7 million) held by Mr Sun Zhao Lin, and for this purpose, each of FYEM, our Company and Sun Zhao Lin shall contribute new capital to FSYM Construction in accordance with such shareholding proportions.

On 20 October 2005, our Company also entered into an equity joint venture contract (the "**FSYM Construction EJV Contract**") with Mr Sun Zhao Lin and FYEM, whereby the parties agreed to establish a sino-foreign equity joint venture company, called FSYM Construction. Under the FSYM Construction EJV Contract, the agreed total investment was US$17.5 million and agreed registered capital of FSYM Construction was US$7.0 million, to be held by FYEM, our Company and Mr Sun Zhao Lin in the proportions stated above. The new capital contributed to FSYM Construction by our Company and Mr Sun Zhao Lin were in cash amounting to approximately US$1.9 million and approximately US$0.64 million, respectively. FYEM's capital contribution paid to FSYM Construction of approximately US$3.8 million was by way of transfer to FSYM Construction of technologies and certain of its intellectual property rights and manufacturing equipment valued at approximately US$1.7 million in aggregate, and the balance of approximately US$2.1 million was contributed in cash.

Our Directors believe that the Shares Purchase & Capital Increase Agreement and the FSYM Construction EJV Contract were entered into on an arm's length basis.

Loans from Tat Hong group to our Company

Tat Hong, our controlling shareholder, had made a loan to our Company of US$1.68 million in March 2006. Such loan was unsecured, interest-free and repayable on demand. This amount was discharged in May 2006 by the issuance of 2,066,283 new Shares (with an aggregate issue price of S$2,660,280) to Tat Hong. The largest amount outstanding during the period under review was US$1.68 million. Our Directors are of the view that the loan was provided on an arm's length basis.

Leadpoint, Tat Hong's 70%-owned subsidiary, had made loans to our Company of an aggregate of S$710,000 in FP2006. Such loans were unsecured, interest-free and repayable on demand. S$665,069 of this loan was discharged in May 2006 by the issuance of 516,570 new Shares (with an aggregate issue price of S$665,069) to Leadpoint. The remaining S$44,931 of the loan was repaid by September 2007. The largest amount outstanding during the period under review was an aggregate of S$710,000. Our Directors are of the view that the loans were provided on an arm's length basis.

Tat Hong also made a loan of US$1.5 million to our Company in FY2007 to enable the Company to contribute towards its 30% share in the increase in the paid-up registered capital of FSYM Construction from US$7.0 million to US$12.0 million. Such loan was unsecured, interest-free and repayable on demand. This loan was discharged in December 2007 by the issue of 99,338,000 new Shares for an aggregate issue price of S$2,181,000. Please refer to sub-paragraph (c) of the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus. The largest amount outstanding during the period under review was US$1.5 million. Our Directors are of the view that the loan was provided on an arm's length basis.

Non-trade amounts owed by FSYM Construction

FSYM Construction owed various sums of monies to Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian and FYEM, certain information on which is provided below. These amounts were fully repaid by November 2007. The amounts outstanding as at the end of FP2006 and FY2007 and as at the date(s) of repayment are as follows:

Non-trade amounts owed to	FP2006 (RMB'000)	FY2007 (RMB'000)	As at date(s) of repayment (RMB'000)
Sun Zhao Lin[(1)]	–	35	35
Tian Ruo Nan[(2)]	–	275	275
Sun Tian[(3)]	–	1,500	1,500

Notes:

(1) The amount owed to Mr Sun Zhao Lin relates to payments made by him in excess of the requisite capital contributions to FSYM Construction during FY2007.

(2) The amount owed to Ms Tian Ruo Nan relates to reimbursable expenses incurred for business purposes.

(3) The amount owed to Mr Sun Tian relates to monies received from our Company by FSYM Construction on behalf of Mr Sun Tian. The amount was the consideration for the sale by Mr Sun Tian of his equity interest of 40% in FSYM Construction to our Company.

Our Directors are of the view that the above were on an arm's length basis.

Non-trade advances by FSYM Construction

FSYM Construction had, from time to time, made advances to our Chief Executive Officer, Ms Tian Ruo Nan and certain associates of our Directors, Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian, namely, FYEM, Beijian, FS Engineering, FYHM and Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司) ("**BYCD**"). Beijian is a 66%-owned subsidiary of FYIG which is, in turn, controlled Mr Sun Zhao Lin and Ms Tian Ruo Nan. FS Engineering is a 100%-owned subsidiary of FYEM. FYHM is held as to more than 50% by Ms Tian Ruo Nan's siblings. BYCD is held as to 100% by Mr Sun Zhao Lin.

FSYM Construction had also made advances to China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (中核华兴达丰机械工程有限公司) ("**China Nuclear**"). China Nuclear is held as to more than 50% by the Tat Hong group and 5% by a company controlled by Mr Sun Zhao Lin).

These advances were unsecured, interest-free and repayable on demand. These advances were fully repaid by September 2007. The amounts outstanding as at the end of FP2006 and FY2007 and as at the date(s) of repayment and the largest amount outstanding during the period from 3 August 2005 to the date(s) of repayment are as follows:

Non-trade advances due from	FP2006 (RMB'000)	FY2007 (RMB'000)	As at date(s) of repayment (RMB'000)	Largest amount outstanding (RMB'000)
Tian Ruo Nan	3	–	140	140
FYEM	7,583	21,142	24,009	24,009
Beijian	–	20,000	25,000	25,000
FS Engineering	–	417	100	517
FYHM	–	200	200	200
BYCD	–	–	600	600
China Nuclear	–	–	1,400	1,400

Our Directors are of the view that the above advances were not provided on an arm's length basis.

Transactions between FSYM Construction and FYEM

Transfer of inventories and purchase of machinery equipment

Subsequent to the formation of the sino-foreign equity joint venture pursuant to the FSYM Construction EJV Contract, from time to time, FYEM transferred steel materials and towercrane components and accessories to FSYM Construction at cost. The aggregate value of these transactions for FP2006, FY2007, FY2008Q1 and from 1 July 2007 to 30 September 2007 was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	FY2008Q1 (RMB'000)	1 July 2007 to 30 September 2007 (RMB'000)
Transfer of steel materials and towercrane components and accessories	–	30,518	2,014	32,332

These amounts were fully repaid by FSYM Construction by October 2007. Our Directors are of the view that these transactions were entered into on an arm's length basis.

During FY2007, FSYM Construction also purchased certain manufacturing equipment from FYEM for a consideration of approximately RMB3.9 million. FSYM Construction had, pursuant to the FSYM Construction EJV Contract, acquired, *inter alia*, certain of FYEM's assets by way of the latter's capital contribution. The aforesaid equipment purchased in FY2007 was certain of the remaining assets of FYEM. Please refer to the section entitled "General Information on Our Group – History" in this Prospectus. This amount was fully repaid by FSYM Construction by October 2007. Our Directors are of the view that this transaction was entered into on an arm's length basis.

Sale of towercranes and towercrane accessories

FSYM Construction sold towercranes and towercrane accessories to FYEM, who on sold such products to customers. These transactions ceased by end August 2007 when FSYM Construction obtained its manufacturing licences. The aggregate value of these transactions for FP2006, FY2007, FY2008Q1 and from 1 July 2007 to 31 August 2007 was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	FY2008Q1 (RMB'000)	1 July 2007 to 31 August 2007 (RMB'000)
Sale of towercranes and towercranes accessories	–	10,292	514	5,486

These amounts were fully repaid by FYEM by September 2007. Our Directors are of the view that these transactions were entered into on arm's length basis.

Sale of raw materials and towercrane components to Beijian

From time to time, FSYM Construction sold raw materials, in particular, steel materials as well as towercrane components to Beijian. Sales on such terms ceased when the Beijian Manufacturing Agreement was entered into between FSYM Construction and Beijian. The aggregate value of these transactions for FP2006, FY2007 and FY2008Q1 was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	FY2008Q1 (RMB'000)
Sale of raw materials and towercranes components	–	31,666[(1)]	35,545[(1)]

Note:

(1) There amounts are net of value-added tax of 17%.

These amounts were fully repaid by Beijian by October 2007. Our Directors are of the view that these transactions were entered into on arm's length basis. Please also refer to "Present On-Going Interested Person Transactions – Transactions with Beijian" below.

Provision of goods and services to FYHM

FYHM is a manufacturer of hydraulic cylinders. From time to time, FSYM Construction provided machining services for, and sells steel materials to, FYHM. These transactions ceased in June 2007. The aggregate value of these transactions for FP2006, FY2007 and FY2008Q1 was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	FY2008Q1 (RMB'000)
Machining services and sale of steel materials	–	539[(1)]	50[(1)]

Note:

(1) These amounts are net of value-added tax of 17%.

These amounts were fully repaid by FYHM by October 2007. Our Directors believe that these transactions were entered into on an arm's length basis.

PRESENT ON-GOING INTERESTED PERSON TRANSACTIONS

Transactions with Beijian

Purchase of towercranes from Beijian

Beijian is a manufacturer of towercrane and towercrane accessories and manufactures towercranes for FSYM Construction. On 12 December 2006, FSYM Construction entered into an agreement (the "**original agreement**") with Beijian pursuant to which Beijian agreed to manufacture towercranes and towercrane accessories based on orders from FSYM Construction. Under the agreement, it is agreed that the price to be paid by FSYM Construction to Beijian for each product shall be between 70% to 85% of the price at which FSYM Construction sells to its customers (exclusive of taxes). Our Directors believe that the original agreement was entered into on an arm's length basis. The original agreement was superceded by the Beijian Manufacturing Agreement entered into between FSYM Construction and Beijian in December 2007.

Under the Beijian Manufacturing Agreement, Beijian shall provide services for the manufacture of specified towercranes as and when required to do so by FSYM Construction. The consideration for the provision of such services shall be 85% of the price at which FSYM Construction sells such crane(s) to the relevant customer(s). The consideration is to be paid as to 50% by way of advance payment prior to delivery (less the price of raw materials supplied to Beijian by FSYM Construction) and the balance 50% within a specified period after delivery. For further information on the Beijian Manufacturing Agreement, please refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus.

The aggregate value of these transactions for FP2006, FY2007 and the period from 1 April 2007 up to the Latest Practicable Date was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	Between 1 April 2007 and the Latest Practicable Date (RMB'000)
Purchase of towercranes	–	23,169[1]	72,209[1]

Note:

(1) These amounts are net of value-added tax of 17%.

Supply of raw materials to Beijian

Under the Beijian Manufacturing Agreement in respect of towercranes required to be manufactured by Beijian for FSYM Construction, FSYM Construction shall procure the requisite raw materials, in particular, steel materials for supply at cost to Beijian. The aggregate value of these transactions for the period from 1 April 2007 up to the Latest Practicable Date was RMB75.1 million.

Our Directors believe that the original agreement and the Beijian Manufacturing Agreement were entered into on an arm's length basis.

Purchase of consumables from FYIT

FYIT is a trading company and a supplier of hardware. It is held as to 50% each by Mr Sun Zhao Lin and Ms Tian Ruo Nan. From time to time, FSYM Construction purchases various consumables from FYIT in connection with its operations. These consumables include goggles and gloves, welding rods, paints, fuels and galvanised bolts and nuts, which are needed for or in relation to the construction of the towercranes. The prices paid by FSYM Construction for such consumables are based on market prices and, we believe, are the same as that paid by other customers of FYIT. The aggregate value of these transactions for FP2006, FY2007 and the period from 1 April 2007 up to the Latest Practicable Date was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	Between 1 April 2007 and the Latest Practicable Date (RMB'000)
Purchase of consumables	–	4,661	1,281

Our Directors believe that these transactions are entered into on an arm's length basis. Where such transactions take place after the Invitation, they will if applicable be subject to the review procedures under the Shareholders' Mandate.

Leasing of premises from FYEM

On 31 January 2006, FSYM Construction entered into an agreement with FYEM for the lease of the premises and land located at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province. The lease is for a period of ten years with effect from 15 January 2006. Under this agreement, the rent payable by FSYM Construction is RMB3.6 million per annum for the first two years, RMB4.8 million per annum for the subsequent three years and to be negotiated for the sixth to tenth years of the lease. Our Directors believe that the agreement was not entered into on an arm's length basis.

On 12 September 2007, FSYM Construction entered into a new lease agreement with FYEM for the lease of the premises and land located at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province. Pursuant to this agreement, the previous agreement was terminated. The current lease is for a term of ten years from 1 October 2007 to 30 September 2017. The annual rent payable by FSYM Construction is RMB4.8 million for each of the first two years, RMB6.0 million for the third year and to be agreed by the parties based on prevailing market rates for the fourth to tenth years of the lease. The rental deposit paid by FSYM Construction is RMB0.3 million. The agreement provides that subject to receipt of FYEM's consent and the satisfaction of certain conditions, the lease may be terminated by us by giving one month's written notice to FYEM. After our admission to the Official List of the SGX-ST, the renewal of the lease after the initial term of ten years shall be subject to applicable provisions of Chapter 9 of the Listing Manual. Our Directors are of the view that the new lease agreement with FYEM was entered into on an arm's length basis and was not prejudicial to the interests of our Company after taking into consideration a valuation by Zhong Heng Real Estate Appraisal, an independent valuer, dated 22 August 2007 of the annual net rental of the property as at 21 August 2007 of RMB4.8 million. Please also refer to the section entitled "General Information on Our Group – Properties and Fixed Assets" in this Prospectus.

The aggregate rental amounts incurred by FSYM Construction in FP2006, FY2007 and the period from 1 April 2007 up to the Latest Practicable Date were as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	Between 1 April 2007 and Latest Practicable Date (RMB'000)
Rental amounts incurred	750	3,600	2,900

Leasing of premises from Mr Sun Zhao Lin

On 5 September 2007, FSYM Construction entered into an agreement with Mr Sun Zhao Lin for the lease of premises located at No.19-1 BDA International Enterprise Road, No. 2 Jingyuanzhao Street, Economic Technology Development Zone, Beijing, which is used as the office for our Beijing branch office. The lease is for a term of five years from 1 October 2007 to 1 October 2012. The annual rent payable by FSYM Construction is RMB0.48 million for each of the first two years and to be agreed by the parties based on prevailing market rates for the third to fifth years of the lease. The agreement provides that subject to receipt of Mr Sun's consent and the satisfaction of certain conditions, the lease may be terminated by us by giving one month's written notice to Mr Sun. After our admission to the Official List of the SGX-ST, the renewal of the lease after the initial term of five years shall be subject to applicable provisions of Chapter 9 of the Listing Manual.

Our Directors are of the view that the new lease agreement with Mr Sun was entered into on an arm's length basis and was not prejudicial to the interests of our Company after taking into consideration a valuation by Zhong Heng Real Estate Appraisal, an independent valuer, dated 27 August 2007, of the annual net rental of the property as at 26 August 2007 of RMB0.48 million. Prior to entering into such lease agreement, the Beijing branch office of FSYM Construction had used the premises as its office on a rental-free basis. Please also refer to the section entitled "General Information on Our Group – Properties and Fixed Assets" in this Prospectus.

The aggregate rental amounts incurred by FSYM Construction in FP2006, FY2007 and the period from 1 April 2007 up to the Latest Practicable Date were as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	Between 1 April 2007 and Latest Practicable Date (RMB'000)
Rental amounts incurred	–	–	100

Transactions between our Group and associates of Tat Hong

Our Group sells towercranes to Shanghai Tat Hong Equipment Rental Co., Ltd（上海达丰机械租赁有限公司）from time to time. Shanghai Tat Hong Equipment Rental Co., Ltd is held as to 90% by Tat Hong (a Substantial Shareholder of our Company which is listed on the SGX-ST) and 10% by a company controlled by Mr Sun Zhao Lin. The revenue received by our Group from such sales for FP2006, FY2007 and the period from 1 April 2007 up to Latest Practicable Date was as follows:

	FP2006 (RMB'000)	FY2007 (RMB'000)	Between 1 April 2007 and Latest Practicable Date (RMB'000)
Sales transactions	–	6,085	–

Our Directors believe that the above transactions were entered into on an arm's length basis. We may also sell towercranes to the Tat Hong group of companies and its associated companies from time to time, including China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (which is a subsidiary of Tat Hong and in which a company controlled by Mr Sun Zhao Lin has a 5% interest) and Jiangsu Zhenghe Tat Hong Machinery Rental Co., Ltd（江苏正和达丰机械租赁有限公司）(which is presently a subsidiary of Tat Hong). Where such transactions take place after the Invitation, they will be subject to the review procedures under the Shareholders' Mandate.

POTENTIAL CONFLICTS OF INTEREST

We summarise below the potential conflicts of interests which may arise from the interests of our controlling shareholders and Directors and/or their associates in entities carrying on the same business as us.

Sun Family Members

Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian (collectively, the "**Sun Family Members**" and each a "**Sun Family Member**") are our Directors and controlling shareholders and are collectively interested in 76.7% of the total number of issued Shares of our Company as at the Latest Practicable Date.

Mr Sun Zhao Lin and Ms Tian Ruo Nan are founders of the predecessors of our Group. Following the Restructuring Exercise and as at the Latest Practicable Date, outside of our Group, the Sun Family Members have interests in Beijian, further information on which is set out below.

Non-Compete Undertaking

With a view to mitigating certain of the potential conflicts of interest between the Sun Family Members and our Group, the Sun Family Members have undertaken, *inter alia*, that unless our Company has given its prior written approval, for so long as the aggregate shareholding interests (direct and indirect) of the Sun Family Members, their immediate family and the companies controlled by them (each as defined in the deed of undertaking) from time to time in our Company is 15% or more (or such other percentage as may be agreed between the parties, having reference to the Listing Manual including the definition of "controlling shareholder" therein, such agreement not to be unreasonably withheld), the Sun Family Members, their immediate family and the companies controlled by them shall not, directly or indirectly, whether on their own or with any other party in any capacity whatsoever:

(i) carry on, or be engaged or have shareholding interest (directly or indirectly) in, any business or activity in the PRC and all other territories in the world (the "**Territory**") which is the same as, similar or connected to or competing with or in conflict with the business of designing and/or manufacturing and/or sale (including distribution) of towercranes and/or crawler cranes and/or any other type of cranes and/or crane components and/or accessories and/or provision of any related services including technical advice and maintenance services (the "**Crane Business**");

(ii) assist with technical or other advice (in relation to the Crane Business) any person, firm, company or organisation engaged or to be engaged in the Crane Business in the Territory;

(iii) directly or indirectly manage, join, control or participate or become interested in, whether as a director, employee, agent, partner, shareholder in or otherwise, any firm, company, organisation or entity engaged or to be engaged in the Crane Business in the Territory; and/or

(iv) subject to certain exceptions, either on his/its own account or jointly with or in conjunction with or on behalf of any person, firm, company or organisation, solicit or entice away or attempt to solicit or entice away from any of our Group companies any person who is or was, an officer, director, manager, employee or customer of any of our Group companies (in relation to the Crane Business) whether or not such person would commit a breach of contract by reason of leaving service or transferring business.

However, the Sun Family Members collectively shall not be precluded or restricted from becoming the registered or beneficial owners of not more than 5% in aggregate of any class of listed securities in a competing corporation which is listed on any stock exchange. For the avoidance of doubt, the Sun Family Members will not be in breach of their above undertaking by virtue of their existing interests of 66% in Beijian so long as the Beijian Manufacturing Agreement between Beijian and FSYM Construction relating to, *inter alia*, manufacturing services agreed to be provided by Beijian is in force and Beijian is in compliance with the terms thereof.

The deed of undertaking was entered into between the Sun Family Members and our Company in December 2007 on an arm's length basis and is subject to the admission of our Company to the Official List of the SGX-ST.

Arrangement in respect of 66% Equity Interests in Beijian

Beijian is a manufacturer of towercranes and towercrane accessories in the PRC and is held as to 66% by FYIG and 34% by Beijing Construction Group. FYIG is, in turn, controlled by Mr Sun Zhao Lin and Ms Tian Ruo Nan. Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Tian Cheng Tian (our Purchasing Manager and the brother of Ms Tian Ruo Nan) are directors of Beijian. FYIG acquired a 61% equity interest in Beijian in August 2006 and subsequently acquired a further 5% equity interest in Beijian in February 2007, resulting in it holding 66% of Beijian.

We presently engage Beijian's services to manufacture some of our towercranes, in order to increase our present production capacity. Pursuant to a non-legally binding letter of understanding between Mr Sun Zhao Lin, Ms Tian Ruo Nan and FSYM Construction, it is provided that Mr Sun Zhao Lin and Ms Tian Ruo Nan will, if called upon by FSYM Construction on or before 31 December 2008 (which period may be extended at the sole discretion of our Audit Committee) ("**relevant time frame**"), procure that FYIG enters into a conditional sale and purchase agreement for the sale to FSYM Construction of FYIG's 66% equity interests in Beijian on certain specified principal terms and conditions. We understand that Beijian has been undergoing restructuring since FYIG acquired majority interests in this company. The relevant time frame was arrived at taking into account the expected duration needed for the completion of the restructuring and for our Group to assess whether or not to acquire the 66% equity interest in Beijian. The consideration for the sale and purchase shall be a price to be agreed or at a price equal to the prevailing market value of such equity interests as determined by an independent valuer in the PRC, whichever is higher. Any such sale and purchase is expected to be conditional, *inter alia*, upon the receipt of relevant approvals in the PRC, our independent Shareholders' approval and completion of due diligence on Beijian satisfactory to FSYM Construction. Please also refer to the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus. It is envisaged that the decision by our Group to call upon Mr Sun Zhao Lin and Ms Tian Ruo Nan to procure FYIG to enter into the sale and purchase agreement would be made by the non-interested members of the board of directors of FSYM Construction.

As a demonstration of its commitment in respect of the foregoing, FYIG has confirmed that it will do all that is necessary to transfer its 66% equity interests in Beijian to FSYM Construction subject to receipt of relevant regulatory and third party approvals (including our Shareholders' approval) and an independent valuation in respect of Beijian and our Group being satisfied with our due diligence on Beijian, including entering into such sale and purchase agreement within six months of the Date of Admission.

Manufacturing Agreement between Beijian and our Group

With a view to mitigating certain of the potential conflicts of interest that may currently arise in relation to Beijian and in order to increase our present production capacity as mentioned above, in December 2007, FSYM Construction entered into a manufacturing agreement with Beijian (the "**Beijian Manufacturing Agreement**"). Under this agreement, for so long as:

(a) the aggregate shareholding interests (direct and indirect) of the Sun Family Members, their immediate family and the companies controlled by them (each as defined in the agreement) from time to time in the Company is 15% or more (or such other percentage as may be agreed between the parties, having reference to the Listing Manual including the definition of "controlling shareholder" therein, such agreement not to be unreasonably withheld); and

(b) the aggregate shareholding interests (direct and indirect) of the Sun Family Members, their immediate family and the companies controlled by them (excluding companies within our Group) from time to time in Beijian is 30% or more,

Beijian:

(i) shall provide services for the manufacture of towercranes as and when required to do so by FSYM Construction. For this purpose, FSYM Construction shall procure the requisite raw materials and supply them at cost to Beijian. The consideration for the provision of such services shall be 85% of the price at which FSYM Construction sells such crane(s) to the relevant customer(s);

(ii) shall ensure that it has sufficient capacity (subject to its own maximum production capacity) to carry out such services at all times; and

(iii) has given FSYM Construction the first right of refusal to accept and carry out any orders, offers or proposals received directly or indirectly by or on behalf of Beijian relating to the design and/or manufacture of towercranes and/or towercrane accessories and the provision of any related services.

If the conditional sale and purchase agreement for the sale to FSYM Construction of FYIG's 66% equity interest is entered into and such sale is completed, Beijian will become a subsidiary of our Group and the Beijian Manufacturing Agreement shall be terminated.

Tat Hong Group

Tat Hong is a controlling shareholder of our Company. Tat Hong and its subsidiaries and associated companies are principally engaged in the business of rental and sale of cranes (other than towercranes) and heavy equipment with operations in Singapore, Malaysia, Hong Kong, Thailand, Indonesia, the PRC, Japan, Vietnam, Middle East and Australia.

Mr Ng San Tiong, our Deputy Chairman, and Mr Lim Kok Yong, our Non-Executive Director, also sit on the boards of, and have shareholding interests in, several companies in the Tat Hong group. Mr Ng San Tiong is the President and Chief Executive Officer and is a substantial shareholder of Tat Hong. Mr Lim Kok Yong holds executive positions in companies in the Tat Hong group.

Our Directors are of the view that Tat Hong is not in direct competition with our Group as Tat Hong is presently not engaged in the manufacture or sale of towercranes, and towercranes purchased by the Tat Hong group from our Group are purchased for the Tat Hong group's rental business in the PRC. In addition, Tat Hong, Mr Ng San Tiong and Mr Lim Kok Yong are not involved in the day-to-day operations of our Group.

Nevertheless, with a view to mitigating certain of the potential conflicts of interest between the Tat Hong group and our Group, Tat Hong has undertaken, *inter alia*, that unless our Company has given its prior written approval, for so long as the aggregate shareholding interests (direct and indirect) of Tat Hong, its subsidiaries and companies controlled (as defined in the deed of undertaking) by any of them (collectively, the "**Relevant Tat Hong Group**") from time to time in the Company is 15% or more (or such other percentage as may be agreed between the parties, having reference to the Listing Manual including the definition of "controlling shareholder" therein, such agreement not to be unreasonably withheld), the members of the Relevant Tat Hong Group shall not, directly or indirectly, whether itself or together with any other person, firm or company in any capacity whatsoever:

(i) carry on, or be engaged in the business of, or have a shareholding interest (directly or indirectly) in any company whose principal business is, designing and/or manufacturing and/or sale of towercranes (the "**Relevant Business**") in the PRC; and/or

(ii) subject to certain exceptions, either on its own account or jointly with or in conjunction with or on behalf of any person, firm, company or organisation, solicit or entice away or attempt to solicit or entice away from any of our Group companies any person who is or was, an officer, director, manager, employee or customer of any of our Group companies (in relation to the Relevant Business) whether or not such person would commit a breach of contract by reason of leaving service or transferring business.

The deed of undertaking was entered into between Tat Hong and our Company in December 2007 on an arm's length basis and is subject to the admission of our Company to the Official List of the SGX-ST.

Interests of Manager and Underwriter

Save as disclosed in the section entitled "Management And Underwriting And Placement Arrangements" in this Prospectus, in the reasonable opinion of our Directors, we do not have any material relationship with CIMB-GK. Mr Mak Lye Mun, Head of Investment Banking of CIMB-GK, is also a non-executive director of Tat Hong (one of our controlling shareholders).

Interests of Experts

No expert named in this Prospectus is employed on a contingent basis by our Company or our subsidiary, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiary, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

General

We anticipate that our Group would, in the ordinary course of business, enter 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.

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 this 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 until the earlier of the following:

(a) our first annual general meeting following our admission to the Official List of the SGX-ST; or

(b) the first anniversary of the date of our admission to the Official List of the SGX-ST.

Thereafter, 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.

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 FYIT, FYEM and Beijian and their respective subsidiaries or associated companies, if any; and

(b) Tat Hong 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.

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.

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.

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.

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 transactions 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 transactions under the Beijian Manufacturing Agreement with a view to ensuring that they were in accordance with the terms of the agreement. 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 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.

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 Office, 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.

Opinion of the Independent Financial Adviser

Ernst & Young Corporate Finance Pte Ltd was appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual, to opine on whether the methods and procedures for determining transaction prices as set out above are sufficient to ensure that our Group's transactions with the Interested Persons are on normal commercial terms which will not be prejudicial to the interests of the Company and its minority Shareholders.

Based on the analysis undertaken and subject to the qualifications and assumptions made in its letter to the Independent Directors of our Company dated 31 December 2007 as produced in Appendix E to this Prospectus (the "**IFA Letter**"), the IFA is of the opinion that the current methods and procedures for determining transaction prices of Interested Person Transactions as set out on pages 149 to 150 of this Prospectus are, if applied strictly, sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and/or our minority Shareholders.

Please refer to the IFA Letter set out in Appendix E to this Prospectus for more information.

Our Articles provide that our board of Directors will consist of not less than two Directors. Save for our Executive Chairman and Chief Executive Officer, none of our Directors are appointed for any fixed terms, but under our constitutional documents at least one-third of our Directors are required to retire at every annual general meeting of our Company provided that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years.

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders of our Company.

Board Practices

Commentary 3.3 Code of Corporate Governance 2005 of Singapore provides that companies may appoint an independent non-executive director to be the lead independent director where the chairman of the Board and the chief executive officer is the same person, where the chairman of the Board and the chief executive officer are related by close family ties, or where the chairman of the Board and the chief executive officer are both part of the executive management team.

Our Chief Executive Officer, Ms Tian Ruo Nan is the spouse of our Executive Chairman, Mr Sun Zhao Lin. We have appointed Mr Chua Kee Lock as our Lead Independent Director. It is intended that as Lead Independent Director, he is to be available to Shareholders where they have concerns which contact through the normal channels of our Executive Chairman or our Chief Executive Officer has failed to resolve or for which such contact is inappropriate.

Nominating Committee

Our Nominating Committee comprises Dr Steve Lai Mun Fook, Mr Chua Kee Lock and Mr Ho Chew Thim. The Chairman of the Nominating Committee is Dr Steve Lai Mun Fook. Our Nominating Committee will be responsible for (i) re-nomination of our Directors having regard to the Director's contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director. The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term shareholders' value. The performance evaluation will also include consideration of our Company's share price performance over a 5-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

Remuneration Committee

Our Remuneration Committee comprises Mr Chua Kee Lock, Dr Steve Lai Mun Fook and Mr Ho Chew Thim. The Chairman of the Remuneration Committee is Mr Chua Kee Lock. Our Remuneration Committee will recommend to our Board a framework of remuneration for the Directors and key executives, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

Audit Committee

Our Audit Committee comprises Mr Ho Chew Thim, Dr Steve Lai Mun Fook and Mr Chua Kee Lock. The Chairman of the Audit Committee is Mr Ho Chew Thim. Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Our Audit Committee shall meet periodically to perform the following functions:

(a) review the audit plans of our Company's external auditors, and where applicable, our internal auditors, including the results of our auditors' review and evaluation of our system of internal controls;

(b) review the external auditors' reports;

(c) review the co-operation given by our Company's officers to the external auditors;

(d) review the financial statements of our Company and our Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, 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 our Board for approval;

(e) review and discuss with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;

(f) consider the appointment and/or re-appointment of external auditors;

(g) review interested person transactions, falling within the scope of Chapter 9 of the Listing Manual;

(h) review any potential conflicts of interest;

(i) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(j) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the above functions, the Audit Committee 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 our Group's operating results and/or financial position.

In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. Each member of the Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executives Officers or controlling shareholders:

   (i) during the last 10 years, has had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner;

   (ii) during the last 10 years, has had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity, or where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (iii) has any unsatisfied judgments against him;

   (iv) has been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (v) has been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (vi) during the last 10 years, has had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (vii) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (viii) has been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (ix) has been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (x) to his knowledge, has been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

      (a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

      (b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(xi) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

In 1982, when Mr Lim Kok Yong was employed as an Assistant Sales Manager in a construction equipment trading company (the "**Employer**"), he was involved in the issue of an invoice for the sale of a towercrane which reflected a price that exceeded the actual price of the crane by S$46,000 pursuant to the request of a customer (the "**Customer**"). This was to enable the Customer to obtain a higher quantum of loan in respect of the purchase of the said crane under the Interest Free Financing Scheme (the "**Scheme**") established by the Housing and Development Board ("**HDB**"). Mr Lim sought approval from his supervisors on the Customer's request and as evidenced in the notes and evidence from the trial, the quotation and invoice to HDB were signed by Mr Lim's superior who represented that it was done with the knowledge of his higher officer. In this case, however, HDB did not suffer any loss because the parent company of the Employer discovered the irregularity and reported the matter to HDB and the police before the payment could have been made to the Employer. In relation thereto, Mr Lim and two others were charged in 1983 with attempted cheating under Section 420 read with Sections 511 and 34 of the Penal Code, Chapter 224 of Singapore. Mr Lim was only 24 years of age at the relevant time. He was on a fixed salary and not entitled to sales commission. All three were convicted as charged and sentenced but Mr Lim received only a sentence of one day's imprisonment and a fine of S$1,000 as the Senior District Judge had taken into account the following considerations, namely, (i) that Mr Lim was a first offender; (ii) that he did not stand to gain personally from the offence; and (iii) that no loss would have been occasioned by HDB. Upon appeal, although the appeal against conviction was dismissed, the S$1,000 fine was set aside.

2. Save for the Loan Conversion under the convertible loan agreement between our Company and Mr Sun Tian, information on which is set out in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, no option to subscribe for shares in, or debentures of, our Company has been granted to, or was exercised by, any Director or Executive Officer within the last financial year.

3. Save as disclosed on pages 87 to 89 of this Prospectus in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions", no person has, or has the right to be given, an option to subscribe for or purchase any securities of our Company or our subsidiary.

LITIGATION

4. Neither our Company nor our subsidiary is or was engaged in any legal or arbitration proceedings, including those which, to the knowledge of our Directors, are pending or contemplated, which may have or have had in the last 12 months immediately preceding the date of lodgement of this Prospectus, a material effect on the financial position or profitability of our Group.

MATERIAL CONTRACTS

5. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiary within the two years preceding the date of lodgement of this Prospectus and are or may be material:

   (a) agreement dated 6 January 2007 between FSYM Construction and the People's Government of Shuncheng District, Fushun City pursuant to which the Government agreed to grant FSYM Construction land use right in relation to the land located at the Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City with an area of approximately 240,000 sq m for a period of 30 years, certain information on which is set out in the section entitled "General Information on Our Group – Properties and Fixed Assets" in this Prospectus;

   (b) share transfer agreement dated 25 March 2007 and letter dated 29 June 2007 between FSYM Construction and Mr Liu Xin Min pursuant to which FSYM Construction acquired 100% of the equity interests in FS Engineering from Mr Liu for a consideration of RMB23,000,000 and the parties agreed that Mr Liu Xin Min would be liable for the receivables and debts of FS Engineering prior to 30 June 2007;

   (c) equity interests transfer agreement dated 10 August 2007 between FSYM Construction and FYEM pursuant to which FSYM Construction sold its 100% equity interests in FS Engineering to FYEM, certain information on which is set out in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, which agreement contains certain warranties provided by FSYM Construction;

   (d) asset transfer agreement dated 10 August 2007 between FSYM Construction, FS Engineering and FYEM pursuant to which FS Engineering transferred certain machinery equipment and crawler crane design and manufacturing drawings to FSYM Construction, certain information on which is set out in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, which agreement contains certain representations and warranties provided by FS Engineering and FYEM;

   (e) share transfer agreement dated 12 September 2007 between our Company, Mr Sun Zhao Lin and FYEM pursuant to which our Company acquired an aggregate of 70% equity interests in FSYM Construction from Mr Sun and FYEM, certain information on which is set out in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, which agreement contains certain representations and warranties provided by each of the parties to the other(s);

   (f) convertible loan agreement dated 5 October 2007 between our Company and Mr Sun Tian, certain information on which is set out in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus;

   (g) the Beijian Manufacturing Agreement dated 28 December 2007, certain information on which is set out on page 145 in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus;

   (h) the deed of undertaking dated 28 December 2007 between the Sun Family Members and our Company relating to certain undertakings given by the Sun Family Members, certain information on which is set out on page 74 in the section entitled "Exchange Controls" and page 144 in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus; and

   (i) the deed of undertaking dated 28 December 2007 between Tat Hong and our Company relating to certain undertakings given by Tat Hong, certain information on which is set out on page 146 in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" in this Prospectus.

MISCELLANEOUS

6. There has been not been any public takeover offer by a third party in respect of our Shares, or by our Company in respect of shares of another corporation or units of business trust, which has occurred during the period between 1 April 2006 and the Latest Practicable Date.

7. Save as disclosed in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" in this Prospectus and in Appendices A to D to this Prospectus, our Directors are not aware of any event which has occurred since 30 June 2007, which may have a material effect on the financial position and results set out in the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007, Report from the Auditors in relation to the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period from 1 April 2007 to 30 June 2007 and the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007.

8. We currently have no intention of changing the auditors of the companies in our Group after the admission of our Company to the Official List of the SGX-ST.

   The names, addresses and professional qualifications (including membership in a professional body) of the auditors of our Company for FP2006, FY2007 and the period from 1 April 2007 up to the date of lodgement of this Prospectus are as follows:

Period	Name, Professional Qualification and Address	Professional Body of which a Member	Partner-in-charge/ Professional Qualification
From 8 October 2007	Foo Kon Tan Grant Thornton Certified Public Accountants 47 Hill Street #05-01 Singapore Chinese Chamber of Commerce & Industry Building Singapore 179365	Institute of Certified Public Accountants of Singapore	Yeo Boon Chye Certified Public Accountant
1 April 2005 to 7 October 2007	KPMG Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581	Institute of Certified Public Accountants of Singapore	Hoon Ching Sing Certified Public Accountant

CONSENTS

9. Foo Kon Tan Grant Thornton, the Independent Auditors and auditors of the Company have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007, the Report from the Auditors in relation to the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and it Subsidiary for the Financial Period from 1 April 2007 to 30 June 2007, the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 and Audited Financial Statements of Fushun Yongmao Construction Machinery Co., Ltd for the Financial Period/Year ended 31 March 2006 and 2007 and the statement as to the views of the Independent Auditors in the section entitled "Management's Discussion And Analysis of Financial Condition and Results of Operations" on page 58 of this Prospectus, in the form and context in which they are respectively included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus. The aforesaid statement was made on 8 August 2007 and was not prepared for the purpose of incorporation in this Prospectus.

10. The Manager, the Underwriter and the Placement Agent has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

11. The Legal Adviser to the Company on PRC Law, Yuan Tai Law Offices, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus. The statements by Yuan Tai Law Offices in the section entitled "Risk Factors – Risks relating to the PRC" under the risk factors "We may be adversely affected by changes and uncertainties in the PRC legal system" and "We may be adversely affected, including unable to receive dividends from our PRC subsidiary, by changes in the PRC foreign exchange controls and by failure of our Shareholders to comply with PRC foreign exchange control rules or requirements" and the section entitled "Mergers and Acquisitions" on page I-9 in Appendix I to this Prospectus were made on 20 December 2007 and were prepared for the purpose of incorporation in this Prospectus.

12. The IFA has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the IFA Letter in the form and context in which it appears in this Prospectus and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus. The IFA Letter has been prepared for the purpose of incorporation in this Prospectus.

13. Zhong Hua Xin Assets Evaluation of No. 6 Dongsi Road, Xinfu District, Fushun City, Liaoning Province, PRC（辽宁省抚顺市新抚区东四路六号）has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of and references to its name and statements as to its valuations (in relation to FSYM Construction dated 13 September 2007 referred to in paragraph (a), and in relation to the machinery equipment transferred by FS Engineering dated 1 August 2007 referred to in paragraph (d), in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, respectively) in the form and context in which they appear in this Prospectus. The aforesaid valuations by Zhong Hua Xin Assets Evaluation were not prepared for the purpose of incorporation in this Prospectus.

14. Zhong Heng Real Estate Appraisal of Block 1 Danan Economic District, Fushun Economic Development Zone, Fushun City, Liaoning Province, PRC（抚顺经济开发区大南经济区1#住宅楼）has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of and references to its name and statements as to its valuations (in relation to the premises and land located at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province dated 22 August 2007 and in relation to the premises located No.19-1 BDA International Enterprise Road, No. 2 Jingyuanzhao Street, Economic Technology Development Zone, Beijing dated 27 August 2007 referred to in the section entitled "Interested Person Transactions – Present On-Going Interested Person Transactions" in this Prospectus) in the form and context in which they appear in this Prospectus. The aforesaid valuations by Zhong Heng Real Estate Appraisal were not prepared for the purpose of incorporation in this Prospectus.

15. Each of the Manager, the Underwriter, the Placement Agent, the Solicitors to the Invitation, the Share Registrar, the Receiving Bank and the Principal Bankers do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at the office of Messrs Rajah & Tann at 4 Battery Road, #26-01, Bank of China Building, Singapore 049908 during normal business hours for a period of six months from the date of registration of this Prospectus:

    (a) the Memorandum and Articles of Association of our Company;

    (b) the Independent Auditors' Report on the Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period/Year ended 31 March 2006 and 2007 set out in Appendix A to this Prospectus;

    (c) the Report from the Auditors in relation to the Unaudited Review of the Interim Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Period from 1 April 2007 to 30 June 2007 set out in Appendix B to this Prospectus;

    (d) the Unaudited Pro Forma Combined Financial Statements of Yongmao Holdings Limited and its Subsidiary for the Financial Year/Period ended 31 March 2007 and 30 June 2007 set out in Appendix C to this Prospectus;

    (e) the Audited Financial Statements of Fushun Yongmao Construction Machinery Co., Ltd for the Financial Period/Year ended 31 March 2006 and 2007 set out in Appendix D to this Prospectus;

    (f) the IFA Letter set out in Appendix E to this Prospectus;

    (g) the Service Agreements referred to in the section entitled "Directors, Management and Staff – Service Agreements" in this Prospectus;

    (h) the material contracts referred to in paragraph 5 of the section entitled "General and Statutory Information" in this Prospectus;

    (i) the letters of consent referred to in paragraphs 9 to 14 of the section entitled "General and Statutory Information" in this Prospectus;

    (j) the valuation report from Zhong Hua Xin Assets Evaluation as to its valuations in relation to FSYM Construction dated 13 September 2007 referred to in paragraph (a), and in relation to the machinery equipment transferred by FS Engineering dated 1 August 2007 referred to in paragraph (d), in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus, respectively;

    (k) the valuation report from Zhong Heng Real Estate Appraisal as to its valuations in relation to the premises and land located at No. 3 Yuanda Road, Shuncheng District, Fushun City, Liaoning Province dated 22 August 2007 and in relation to the premises located No.19-1 BDA International Enterprise Avenue, No. 2 North Jingyuan Road, Beijing Economic and Technology Development Zone, dated 27 August 2007 referred to in the section entitled "Interested Person Transactions – Present On-Going Interested Person Transactions" in this Prospectus;

    (l) the legal opinion dated 20 December 2007 from Yuan Tai Law Offices;

    (m) the Management and Underwriting Agreement dated ● entered into between our Company and CIMB-GK referred to in the section entitled "Management and Underwriting and Placement Arrangements" in this Prospectus; and

    (n) the Placement Agreement dated ● entered into between our Company and CIMB-GK referred to in the section entitled "Management and Underwriting and Placement Arrangements" in this Prospectus.

STATEMENT BY DIRECTORS OF OUR COMPANY

17. This Prospectus has been seen and approved by our Directors and they collectively and individually accept the full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, that the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no other facts the omission of which would make any statements herein misleading.

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF YONGMAO HOLDINGS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL PERIOD/YEAR ENDED 31 MARCH 2006 AND 2007

31 December 2007

The Board of Directors
Yongmao Holdings Limited
No. 18, Sungei Kadut Avenue
Singapore 729489

This Report from the Reporting Accountants included in the Preliminary Prospectus dated 31 December 2007 is subject to further updating, changes and completion as the information contained in this Prospectus is subject to further updating, changes and completion.

Dear Sirs

We have audited the combined financial statements of Yongmao Holdings Limited (the "Company") and its subsidiary, Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao") (collectively the "Group"), as set out on pages A-3 to A-42, comprising the combined balance sheets as at 31 March 2006 and 2007, combined income statements, combined statements of cash flows and combined statements of changes in equity for the period/year ended 31 March 2006 and 2007 and the notes thereto.

Directors' Responsibility for the Combined Financial Statements

The combined financial statements, which have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and the basis of preparation set out in Note 4 to the combined financial statements, are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the combined financial statements based on our audit.

Auditor's Responsibility

We conducted our audits in accordance with Singapore Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the combined financial statements. It also includes an assessment of the significant estimates and judgements made by the Company's directors in the preparation of the combined financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. We planned and performed the audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation in the combined financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial positions of the Group as at 31 March 2006 and 2007, and of the results, changes in equity and cash flows of the Group for the period/year ended 31 March 2006 and 2007 and have been properly prepared in accordance with FRS prescribed by the Council on Corporate Disclosure and Governance and the basis of preparation set out in Note 4 to the combined financial statements.

This report has been prepared for inclusion in the preliminary prospectus (including any amended preliminary Prospectus) and the final Prospectus to be issued by the Company. No audited financial statements of the Company or its subsidiary have been prepared for any period subsequent to 31 March 2007.

Yours faithfully

Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore

Yeo Boon Chye
Partner-in-charge

COMBINED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD/YEAR ENDED 31 MARCH 2006 AND 2007

		← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
		Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	Notes	2006	2007	2006	2007
		RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6	–	278,256	22,245	158,332
Cost of sales		(9)	(172,596)	(15,274)	(103,260)
Gross (loss)/profit		(9)	105,660	6,971	55,072
Other operating income	7	2	549	79	216
Administrative expenses	8	(204)	(11,486)	(2,295)	(3,031)
Distribution costs	9	(750)	(34,677)	(4,342)	(12,560)
Other operating expenses	10	(26)	(817)	(174)	(1,089)
Finance costs	11	–	(5)	–	(5)
(Loss)/profit before taxation	14	(987)	59,224	239	38,603
Taxation	15	–	–	–	–
Net (loss)/profit attributable to shareholders		(987)	59,224	239	38,603
Earnings per share					
- basic (RMB) *		(0.3)	17.8	0.1	11.6

* These earnings per share were computed based on the pre-Invitation number of shares of 332,200,000.

COMBINED BALANCE SHEETS
AS AT 31 MARCH 2006 AND 2007

	Notes	Audited		Review of unaudited accounts
		Financial period/year ended 31 March		Financial period ended 30 June
		2006	2007	2007
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	16	–	19,024	19,212
Intangible assets	17	–	5,249	4,959
Available-for-sale financial assets	18	–	23,000	23,000
		–	47,273	47,171
Current				
Inventories	19	–	56,621	59,607
Trade and other receivables	20	1,719	18,624	42,404
Amounts owing by related parties	21	7,583	99,863	149,603
Amount owing by an investee company (non-trade)	18	–	417	517
Cash and cash equivalents	22	12,815	50,296	50,818
		22,117	225,821	302,949
TOTAL ASSETS		22,117	273,094	350,120
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Capital and reserves				
Share capital	23	5,000	83,507	83,507
Reserves	24	(971)	58,280	97,176
		4,029	141,787	180,683
LIABILITIES				
Current				
Trade and other payables	25	18	49,905	74,455
Amount owing to immediate holding company	26	13,482	11,606	11,436
Amounts owing to related parties	21	4,588	56,296	83,546
Bank borrowings	27	–	13,500	–
		18,088	131,307	169,437
TOTAL EQUITY AND LIABILITIES		22,117	273,094	350,120

COMBINED STATEMENTS OF CHANGES IN EQUITY
AS AT 31 MARCH 2006 AND 2007

	Share capital RMB'000	(Accumulated loss)/retained profit RMB'000	Statutory common reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
Balance as at date of incorporation	*	–	–	–	*
Contribution during the period	5,000	–	–	–	5,000
Translation differences	–	–	–	16	16
Net loss for the period	–	(987)	–	–	(987)
Balance as at 31 March 2006	5,000	(987)	–	16	4,029
Contribution during the year	78,507	–	–	–	78,507
Translation differences	–	–	–	27	27
Net profit for the year	–	59,224	–	–	59,224
Transfer to statutory common reserve	–	(5,612)	5,612	–	–
Balance as at 31 March 2007	83,507	52,625	5,612	43	141,787
Translation differences	–	–	–	293	293
Net profit for the period	–	38,603	–	–	38,603
Transfer to statutory common reserve	–	(3,678)	3,678	–	–
Balance as at 30 June 2007	83,507	87,550	9,290	336	180,683

* represents less than RMB 1,000

NOTES TO THE COMBINED FINANCIAL STATEMENTS

COMBINED CASH FLOW STATEMENTS
FOR THE PERIOD/YEAR ENDED 31 MARCH 2006 AND 2007

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Cash Flows from Operating Activities				
(Loss)/profit before taxation	(987)	59,224	239	38,603
Adjustments for:				
Amortisation of intangible assets	–	1,161	290	290
Depreciation of property, plant and equipment	–	2,338	288	994
Interest expense	–	5	–	5
Interest income	(2)	(196)	(3)	(52)
Property, plant and equipment written off	–	–	–	2
Exchange translation	16	27	(115)	124
Operating (loss)/profit before working capital changes	(973)	62,559	699	39,966
Increase in inventories	–	(56,621)	(36,283)	(2,987)
Increase in operating receivables	(1,719)	(64,843)	(862)	(63,953)
Increase in operating payables	1,068	93,246	(1,980)	53,051
Cash (used in)/generated from operations	(1,624)	34,341	(38,426)	26,077
Interest paid	–	–	–	(10)
Net cash (used in)/generated from operating activities	(1,624)	34,341	(38,426)	26,067
Cash Flows from Investing Activities				
Acquisition of available-for-sale financial assets	–	(23,000)	–	–
Acquisition of property, plant and equipment	–	(10,192)	(2,019)	(1,184)
Interest received	2	196	3	52
Net cash generated from/(used in) investing activities	2	(32,996)	(2,016)	(1,132)
Cash Flows from Financing Activities				
Bank borrowings obtained/(repaid)	–	13,500	–	(13,500)
Capital contribution	5,000	64,869	37,630	–
Advances from/(repayment to) an immediate holding company	13,482	(1,876)	–	–
Advances from related parties	3,538	2,902	551	(1,246)
Advances to related parties	(7,583)	(44,759)	–	(9,667)
Advances from a director	–	1,500	–	–
Net cash generated from/(used in) financing activities	14,437	36,136	38,181	(24,413)
Net increase/(decrease) in cash and cash equivalents	12,815	37,481	(2,261)	522
Cash and cash equivalents at beginning of year/period	–	12,815	12,815	50,296
Cash and cash equivalents at end of year/period (Note 22)	12,815	50,296	10,554	50,818
Analysis of cash and cash equivalents	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Cash on hand	11	255	18	163
Cash at bank	12,804	50,041	10,536	50,655
	12,815	50,296	10,554	50,818

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. INTRODUCTION

These combined financial statements have been prepared for inclusion in the Prospectus of Yongmao Holdings Limited (the "Company") dated ● in connection with the invitation (the "Invitation") by the Company in respect of the issue of ● ordinary shares in the capital of the Company.

2. THE COMPANY

The Company was incorporated in the Republic of Singapore on 3 August 2005 under the name of Sunfield Investment Pte. Ltd. The registered office is located at No. 18 Sungei Kadut Avenue, Singapore 729489.

On 28 December 2007, the name of the Company was changed to Yongmao Holdings Pte. Ltd.

On ●, the Company converted from a private limited company into a public limited company and assumed the present name Yongmao Holdings Limited.

3. RESTRUCTURING EXERCISE

The following were undertaken by the Group for the Restructuring Exercise:

(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. The loan from Tat Hong to Sun Tian was discharged in ●.

3. RESTRUCTURING EXERCISE (CONT'D)

(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).

(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.

4. BASIS OF PREPARATION

The combined financial statements of the Group for the financial period/year ended 31 March 2006 and 2007 ("the relevant period") were prepared in a manner similar to the "pooling-of-interest" method as if the Restructuring Exercise had been completed on 20 January 2006. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

These combined financial statements of the Group are the combination or aggregation of all the financial statements of the companies in the Group.

These combined financial statements for the financial period/year ended 31 March 2006 and 2007 were prepared based on the audited statutory financial statements of the Company and Fushun Yongmao.

The statutory audited financial statements of the Company were prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS"). The statutory audited financial statements of Fushun Yongmao were prepared in accordance with the relevant PRC Generally Accepted Accounting Principles ("PRC GAAP"). For the purpose of this report, the financial statements of Fushun Yongmao for the relevant period have been prepared in accordance with FRS and audited by Foo Kon Tan Grant Thornton in accordance with Singapore Standards on Auditing.

The audited financial statements of the Company for the period from 3 August 2005 (date of incorporation) to 31 March 2006 and 31 March 2007 were audited by Foo Kon Tan Grant Thornton, members of the Institute of Certified Public Accountants of Singapore registered in accordance with the Accountants Act. The statutory audited financial statements of Fushun Yongmao for the financial year ended 31 December 2006 were audited by Liao Ning Zhong Hua Xin Certified Public Accountants Co., Ltd., a member of the Chinese Institute of Certified Public Accountants. These statutory audited financial statements were not subject to any audit qualifications, modifications or disclaimers.

In arriving at the combined financial statements, the directors of the Company are of the view that no material adjustment was required to be made to the information used in the above preparation.

These combined financial statements were authorised for issue by the directors of the Company on ●.

4. BASIS OF PREPARATION (CONT'D)

Significant accounting estimates and judgements

The preparation of the combined 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 period/year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements 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 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, if any in the period 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 5 to 20 years. The carrying amount of the Group's property, plant and equipment as at 30 June 2007 and 31 March 2007 are RMB 19,212,000 and 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 5 to the financial statements, management had made the following judgement that has the most significant effect on the amounts recognised in the combined financial statements:

Impairment of property, plant and equipment

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.

4. BASIS OF PREPARATION (CONT'D)

Changes in accounting policies

In respect of financial period/year ended 31 March 2006 and 2007, the Group adopted and applied the new or revised FRS and INT FRS which became effective from 20 January 2006. This includes the following FRS and INT FRS, which are relevant to the Group as a single entity:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates - Amendments relating to net investment in a foreign operation
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies. There is no effect on the adoption of financial guarantees on the current financial statements.

On 1 April 2007, 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 Group as a single entity:

FRS 1 (Amendment)	Amendments relating to capital disclosure
FRS 32	Financial Instruments: Presentation
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102 - Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS did not result in substantial changes to 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: Diclosures Implementation Guidance". The specific transitional provisions contained in some of these new or revised FRS have been considered.

FRS not yet effective

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

FRS 108	Operating Segments
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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

Subsidiary is that enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the combined financial statements from the date that control commences until the date that control ceases.

Any intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the combined financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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	5 - 10 years
Motor vehicles	5 years
Electronic system and equipment	5 - 10 years
Renovation	5 years

For property, plant and equipment 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 and subsequent acquisition thereon, depreciation is computed based on the remaining useful lives of the assets as at the date of transfer.

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/period-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.

For acquisitions and disposals during the financial year/period, 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.

5. 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

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.

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 Group commits 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 Group does not designate any financial assets at fair value through profit or loss or held-to-maturity investment.

5. 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 combined income statements for the period.

In the case of unquoted equity shares, the Group records and recognises the investment at cost less impairment loss (Note 18).

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the combined income statements even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in combined income statements shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in combined income statements.

Impairment losses recognised in combined income statements for equity investments classified as available-for-sale are not subsequently reversed through combined income statements. Impairment losses recognised in combined income statements for debt instruments classified as available-for-sale are subsequently reversed in combined income statements if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

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 intends to dispose off this investment to align with its restructuring exercise as mentioned in Note 3 to the combined 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 Group 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 combined income statements. 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 combined income statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Loans and receivables (cont'd)

Receivables are provided against when there is objective evidence that 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.

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.

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 Group's financial liabilities include trade and other payables and related party balances.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the combined income statements.

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 combined income statements over the year of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current liabilities in the combined balance sheets even though the original terms was for a year longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the combined financial statements are authorised for issue. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the balance sheet date, if any, are included in non-current liabilities in the combined balance sheets.

Equity instruments issued by the Group 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.

5. 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 PRC. The contributions to these schemes are charged to the combined income statement in the period 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.

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 combined income statements 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 combined income statements when incurred.

Provisions

Provisions are recognised when the Group has 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.

Income taxes

The liability method of tax effect accounting is adopted by 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 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 combined 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of assets

The carrying amounts of 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.

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 combined 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 combined income statement.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional currency

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

Conversion of foreign currencies

The accounting records of the companies within 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 combined 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 combined 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 combined 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.

Financial instruments

Financial instruments carried on the combined balance sheets 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 30 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 period/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.

6. REVENUE

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

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Manufactured tower cranes	–	232,405	21,173	120,324
Tower crane components and accessories	–	45,851	1,072	38,008
	–	278,256	22,245	158,332

7. OTHER OPERATING INCOME

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income				
- bank deposits	2	196	3	52
Processing fees	–	112	14	26
Design service fees	–	55	–	–
Miscellaneous income	–	186	62	138
	2	549	79	216

8. ADMINISTRATIVE EXPENSES

	Audited		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation expense	–	545	33	313
Employee benefit costs	–	5,519	1,175	1,128
Amortisation expense	–	1,160	290	290
Travelling expenses	–	969	197	412
Office expenses	–	1,689	235	347
Repair and maintenance	–	73	7	168
Others	204	1,531	358	373
	204	11,486	2,295	3,031

9. DISTRIBUTION COSTS

	Audited		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation expense	–	180	4	167
Employee benefit costs	–	608	137	119
Operating lease rentals	750	3,600	900	900
Sales service expenses	–	1,430	267	459
Office expenses	–	546	78	100
Research and development	–	52	24	*
Transportation expenses	–	27,503	2,874	10,731
Others	–	758	58	84
	750	34,677	4,342	12,560

* represents less than RMB 1,000

10. OTHER OPERATING EXPENSES

	Audited		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Exchange loss	9	266	166	977
Bank charges	14	277	5	106
Others	3	274	3	6
	26	817	174	1,089

11. FINANCE COSTS

	Audited		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expense - bank borrowings	–	5	–	5
Effective interest rate - bank borrowings	–	6.23%	–	4.27%

12. EMPLOYEE BENEFIT COSTS

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Directors' remuneration				
- salaries and related costs	–	259	62	67
- defined contributions	–	5	–	2
Key management personnel				
- salaries and related costs	–	289	57	87
- defined contributions	–	25	5	5
Other than directors and key management personnel				
- salaries and related costs	–	10,630	2,319	3,327
- defined contributions *	–	1,176	260	371
	–	12,384	2,703	3,859

* Includes contributions under the retirement benefit plans (Note 13).

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
As disclosed in:				
Cost of sales	–	6,257	1,391	2,612
Administrative expenses	–	5,519	1,175	1,128
Distribution costs	–	608	137	119
	–	12,384	2,703	3,859

13. RETIREMENT BENEFIT PLANS

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

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

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
	–	1,102	86	122

14. (LOSS)/PROFIT BEFORE TAXATION

		← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
		Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	Note	2006	2007	2006	2007
		RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation has been arrived at					
after charging:					
Amortisation of intangible assets	17	–	1,161	290	290
Depreciation of property, plant and equipment	16	–	2,338	288	994
Exchange loss		9	266	166	977
Operating lease rentals		750	3,600	900	900
Property, plant and equipment written off		–	–	2	–

15. TAXATION

	Audited		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Current taxation	–	–	–	–

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

	Audited		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation	(987)	59,224	239	38,603
Tax at statutory rate of 33%	(326)	19,544	79	12,739
Tax exemption	–	(19,574)	(107)	(12,779)
Tax effect on non-deductible expenses	326	30	28	40
	–	–	–	–

As mentioned in Note 3 to the combined financial statements, on 20 January 2006, Fushun Yongmao was converted to a Sino-Foreign equity joint venture following the capital injection from the Company. In this regard, 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant structure RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electronic system and equipment RMB'000	Renovation RMB'000	Total RMB'000
Cost						
Balance as at 20 January 2006 and as at 31 March 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	–	107	1,032	45	–	1,184
Disposals	(2)	–	–	–	–	(2)
Balance as at 30 June 2007	588	11,096	8,010	1,365	1,485	22,544
Accumulated depreciation						
Balance as at 20 January 2006 and as at 31 March 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 period	7	511	339	63	74	994
Balance as at 30 June 2007	14	2,142	701	252	223	3,332
Depreciation for the period ended 30 June 2006	–	257	4	27	–	288
Net book value						
Balance as at 30 June 2007	574	8,954	7,309	1,113	1,262	19,212
Balance as at 31 March 2007	583	9,358	6,616	1,131	1,336	19,024
Balance as at 31 March 2006	–	–	–	–	–	–

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation is charged to:				
Cost of sales	–	1,613	251	514
Administrative expenses	–	545	33	313
Distribution costs	–	180	4	167
	–	2,338	288	994

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 the Group leases the leasehold land for a period of 10 years, commencing 15 January 2006.

Renovation 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) on a rental-free basis.

17. INTANGIBLE ASSETS

	Trademark RMB'000	Patents RMB'000	Total RMB'000
Cost			
Balance as at 20 January 2006 and as at 31 March 2006	–	–	–
Acquisition by way of capital contribution	4,006	2,404	6,410
Balance as at 31 March 2007 and as at 30 June 2007	4,006	2,404	6,410
Accumulated amortisation			
Balance as at 20 January 2006 and as at 31 March 2006	–	–	–
Amortisation for the year	829	332	1,161
Balance as at 31 March 2007	829	332	1,161
Amortisation for the period	207	83	290
Balance as at 30 June 2007	1,036	415	1,451
Net book value			
Balance as at 30 June 2007	2,970	1,989	4,959
Balance as at 31 March 2007	3,177	2,072	5,249
Balance as at 31 March 2006	–	–	–

17. INTANGIBLE ASSETS (CONT'D)

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.

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

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Unquoted equity investment, at cost	–	23,000	23,000
Amount owing by an investee company (non-trade)	–	417	517

The 100% interest held in Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司)is 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 3 to the combined 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 represents unsecured advances, is interest-free and is repayable on demand.

The investee company is:

Name	Country of incorporation/ principal place of business	Percentage of equity held			Principal activities
		31 March 2006	31 March 2007	30 June 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%	100%	Manufacture and maintenance of evacation equipment, crane, excavator, importing, exporting engineering machines

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

The summarised information of the investee company is as follows:

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
- Assets	–	56,094	47,952
- Liabilities	–	41,911	33,579
- Revenue	–	–	–
- Net loss	–	511	321

19. INVENTORIES

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
At cost:			
Raw materials	–	34,907	28,436
Work-in-progress	–	11,299	14,329
Finished goods	–	10,415	16,842
	–	56,621	59,607
Included in cost of sales are inventories charged of:	–	172,596	103,260

20. TRADE AND OTHER RECEIVABLES

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Trade receivables	–	9,738	28,725
VAT receivables	5	214	–
Staff loans	–	927	852
Staff advances	196	450	870
Advances made to a director	3	–	140
Advances made to supplier of raw materials	994	6,081	11,517
Advances made to supplier of property, plant and equipment	221	–	–
Down-payment for property, plant and equipment	–	914	–
Rental deposits	300	300	300
	1,719	18,624	42,404

Trade and other receivables are denominated in the following currencies:

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Renminbi	1,719	9,100	13,791
United States dollar	–	2,085	23,308
Euro dollar	–	7,439	5,305
	1,719	18,624	42,404

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 Group does 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 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. These amounts are unsecured, interest-free and receivable on demand. The carrying value approximates the fair value of the advances.

The advances made to a director are for business purpose.

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.

21. AMOUNTS OWING BY/(TO) RELATED PARTIES

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006 RMB'000	2007 RMB'000	2007 RMB'000
Amount 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	8,407
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	–	37,049	78,636
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	591	551
	–	47,521	87,594
- Non-trade			
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	7,583	21,142	24,009
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	–	20,000	25,000
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	200	–
- Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司)	–	–	600
- China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (中核华兴达丰机械工程有限公司)	–	–	1,400
- 正兴（抚顺）实业有限公司	–	11,000	11,000
	7,583	52,342	62,009
	7,583	99,863	149,603
Amounts owing to related parties			
- Trade			
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	–	129	303
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	1,050	26,332	29,517
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	–	23,395	48,513
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	–	19
	1,050	49,856	78,352
- Non-trade			
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	–	5,393	4,153
- 永茂混凝土机械有限公司	–	26	26
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	–	766	766
- Dyno Engineering Pte Ltd	16	18	18
	16	6,203	4,963
Amount owing to a corporate shareholder			
- Non-trade			
- Leadpoint Pte. Ltd.	3,522	237	231
	4,588	56,296	83,546

21. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)

As at 31 March 2007, the credit period for the debt outstanding by related parties is as follows:

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)	212 days

As at 31 March 2007, the credit period for the debt outstanding to related parties is as follows:

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

The non-trade amounts owing by related parties refer to advances made, are unsecured, interest-free and are repayable on demand. The amount of RMB 600,000 owing by Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司) was repaid on 4 July 2007.

The non-trade amounts owing to a related party, Dyno Engineering Pte Ltd and a corporate shareholder, Leadpoint Pte. Ltd. ("Leadpoint"), represent unsecured advances, are interest-free and are repayable on demand.

Included in the non-trade amount of RMB 3,522,000 for amount owing to Leadpoint by the Company is a sum of loan made to the Company of an aggregate of RMB 3,515,000 (S$710,000) in the financial period ended 31 March 2006. Such loans are unsecured, interest-free and are repayable on demand. During the financial year ended 31 March 2007, a sum of RMB 3,393,000 (S$665,069) of this loan was discharged in May 2006 by the issuance of 516,570 new shares (with an aggregate issue price of RMB 3,393,000 (S$665,069)) to Leadpoint. The remaining of S$44,931 of the loan was repaid by September 2007.

The non-trade amount owing to a related party, 永茂混凝土机械有限公司 relates to payment received on behalf, is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to a related party, Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司) relates to advance payment, is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to a related party, Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) is unsecured, interest-free and is repayable on demand. Included in RMB 5,393,000 as at 31 March 2007 is:

(a) A balance of RMB 3,942,000 which relates to the purchase of property, plant and equipment during the financial year ended 31 March 2007; and

(b) A balance of RMB 10,000 which relates to capital contributed in excess made to Fushun Yongmao during the financial year ended 31 March 2007. This amount was settled during the financial period ended 30 June 2007.

21. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)

The repayment of debts for the advances made is 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
- China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd （中核华兴达丰机械工程有限公司）	September 2007
- 正兴（抚顺）实业有限公司	September 2007

The repayment of debts for the advances received is as follows:

	Date
- Fushun Yongmao Engineering Machinery Co., Ltd（抚顺永茂工程机械有限公司）	September 2007
- 永茂混凝土机械有限公司	August 2007
- Dyno Engineering Pte Ltd	September 2007
- Leadpoint Pte. Ltd.	September 2007

22. CASH AND CASH EQUIVALENTS

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Cash on hand	11	255	163
Bank balances	12,804	50,041	50,655
	12,815	50,296	50,818

Cash and cash equivalents are denominated in the following currencies:

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Renminbi	605	28,574	32,348
Singapore dollar	118	122	119
United States dollar	12,092	19,689	11,852
Euro dollar	–	1,911	6,499
	12,815	50,296	50,818

23. SHARE CAPITAL

	Audited		Review of unaudited accounts Financial period ended 30 June 2007 RMB'000
	Financial period/year ended 31 March		
	2006 RMB'000	2007 RMB'000	
Paid-in capital of			
- the Company	*	16,966	16,966
- Fushun Yongmao			
- in cash	5,000	52,903	52,903
- in kind	–	13,638	13,638
	5,000	66,541	66,541
	5,000	83,507	83,507

	Audited		Review of unaudited accounts Financial period ended 30 June 2007 RMB'000
	Financial period/year ended 31 March		
	2006 RMB'000	2007 RMB'000	
Shareholders			
The Company			
- Leadpoint Pte. Ltd.	*	3,393	3,393
- Tat Hong Holdings Ltd	*	13,573	13,573
- Sun Tian (孙田)	–	*	*
	*	16,966	16,966
Fushun Yongmao			
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	3,000	57,027	57,027
- Sun Tian (孙田)	1,500	–	–
- Sun Zhao Lin (孙兆林)	500	9,514	9,514
	5,000	66,541	66,541
	5,000	83,507	83,507

* represents 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$3,325,350 (RMB 16,966,072) fully paid.

Share capital as at 31 March 2007 and 30 June 2007 represents the aggregate paid-in capital of the Company and Fushun Yongmao.

23. SHARE CAPITAL (CONT'D)

The Company's interest in Fushun Yongmao at the respective balance sheet dates are as follows:

	← Audited →		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
Fushun Yongmao	73%	30%	30%

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.

At an Extraordinary General Meeting held on 28 December 2007, our Shareholders approved, inter alia,

(i) the issue of 96,338,000 new Shares (with an aggregate issue price of S$2,181,000) in connection with the Debt Capitalisation; and

(ii) the issue of new Shares which would arise in connection with the Loan Conversion. On 28 December 2007, in connection with the Loan Conversion, the Company allotted and issued an aggregate of 232,540,000 Shares and the Company's issued and paid-up share capital increased to S$24,206,352 comprising 332,200,000 Shares.

On 28 December 2007, in connection with the Debt Capitalisation, 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, 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.

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 the date of lodgement of the Prospectus with the Authority.

23. SHARE CAPITAL (CONT'D)

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 the date of lodgement of the Prospectus with the Authority. 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 the date of registration of the Prospectus with the Authority, there may be upward or downward adjustments to their respective shareholdings by way of transfers between them, based on the Offer Price.

24. RESERVES

	← Audited →		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Statutory common reserve	–	5,612	9,290
Retained profits	(987)	52,625	87,550
Exchange fluctuation reserve	16	43	336
	(971)	58,280	97,176

According to the current PRC Company Law, the Group 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.

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.

25. TRADE AND OTHER PAYABLES

		← Audited →		Review of unaudited accounts
		Financial period/year ended 31 March		Financial period ended 30 June
	Note	2006	2007	2007
		RMB'000	RMB'000	RMB'000
Trade payables		18	30,330	46,746
VAT payable		–	–	2,766
Accrual of salaries and related costs		–	1,910	1,393
Accrued interest		–	5	–
Advances from customers		–	15,688	21,887
Amount owing to directors				
- Sun Tian (孙田)	(a)	–	1,500	1,500
- Sun Zhao Lin (孙兆林)	(b)	–	35	35
- Tian Ruo Nan (田若南)	(c)	–	275	–
		–	1,810	1,535
Other payables		–	162	128
		18	49,905	74,455

25. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables are denominated in the following currencies:

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Renminbi	–	35,045	54,760
Singapore dollar	18	29	30
United States dollar	–	14,831	19,665
	18	49,905	74,455

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 combined balance sheets to be reasonable approximation of their fair value.

(a) The amount owing to director, Sun Tian (孙田) relates 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 is unsecured, interest-free and is repayable on demand.

(b) The amount owing to director, Sun Zhao Lin (孙兆林) relates to capital contributed in excess made to Fushun Yongmao. This amount is unsecured, interest-free and is repayable on demand.

(c) The amount owing to director, Tian Ruo Nan (田若南) relates to reimbursable expenses incurred for business purposes. This amount was fully settled during the financial period ended 30 June 2007.

26. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Amount owing to immediate holding company			
- Non-trade			
- Tat Hong Holdings Ltd ("Tat Hong")	13,482	11,606	11,436
	US$1,680,000	US$1,500,000	US$1,500,000

26. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY (CONT'D)

The amount owing to immediate holding company, non-trade, is unsecured, interest-free and is repayable on demand.

In March 2006, Tat Hong made a loan to the Company of US$1,680,000. Such loan was unsecured, interest-free and was discharged in May 2006 by the issuance of 2,066,283 new shares (with an aggregate issue price of RMB 13,573,000 (S$2,660,280) to Tat Hong.

In January 2007, Tat Hong made a loan of US$1,500,000 to the Company in the financial year ended 31 March 2007 to enable the Company to contribute towards an increase in the registered capital of Fushun Yongmao. Such loan was unsecured, interest-free and is repayable on demand. 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.

Please refer to Note 3 to the financial statements regarding the restructuring of the Group where Tat Hong Holdings Ltd ceased to be regarded as the holding company of the Company.

27. BANK BORROWINGS

	← Audited →		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Bank loans - unsecured			
- Bank of China, Fushun Branch (中国银行抚顺分行)			
Loan #1	–	13,000	–
Loan #2	–	500	–
	–	13,500	–

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

Interest is charged at 6.2257% per annum.

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

Interest is charged at 6.2937% per annum.

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

28. COMMITMENTS

28.1 OPERATING LEASE COMMITMENTS (NON-CANCELLABLE)

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:

	Audited		Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June
	2006	2007	2007
	RMB'000	RMB'000	RMB'000
Not later than one year	3,600	3,850	4,150
Later than one year and not later than five years	18,250	19,200	19,200
Later than five years	23,000	18,200	17,000

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 15 January 2006 and expires on 14 January 2016. The monthly rental payable is as follows:

	Rental per month RMB
First and second year	300,000
Third to fifth year	400,000
Subsequent years	To be agreed between parties

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the combined financial statements, the following are significant related party transactions entered into between the Group and its related parties:

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Sales to related parties				
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	–	10,292	–	514
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	–	6,085	–	–
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	–	31,666	–	35,545
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	539	14	50
Purchases from related parties				
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	–	4,661	102	401
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	–	30,518	3,996	2,014
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	–	23,169	–	25,118
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	–	–	16
Property, plant and equipment purchase from a related party				
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	–	3,942	–	–
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)	750	3,600	900	900

Related parties refer to companies with common director.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments carried on the combined balance sheets include cash and cash equivalents, receivables and payables.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

(a) Currency risk

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

The Group operates and sells its products in several countries other than PRC and transacts in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States dollar and Euro dollar. However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

(b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 relates principally to its short-term deposits placed with financial institutions.

(c) 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.

Management has a credit control policy in place. Credit evaluations are performed on all customers requiring credit over a certain amount. Transactions are conducted with customers with appropriate credit histories. The credit risk and amount outstanding is monitored on an ongoing basis. With these credit evaluation processes, credit control policies and collection procedures in place, the credit risk is mitigated substantially. The Group does not require collateral in respect of financial assets.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts, if any, is based upon a review of the expected collectibility of all trade and other receivables.

(d) 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.

31. SEGMENT INFORMATION

The Group is substantially in one business segment, namely 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:

	← Audited →		Based on management accounts (presented for comparative figures only)	Review of unaudited accounts
	Financial period/year ended 31 March		Financial period ended 30 June	Financial period ended 30 June
	2006	2007	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Asia and Middle East	–	133,933	12,804	64,719
United States of America and Europe	–	83,256	7,793	56,402
PRC	–	61,067	1,648	37,211
	–	278,256	22,245	158,332

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

32. 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.

33. EVENTS AFTER BALANCE SHEET DATE

33.1 Subsequent to balance sheet date, the Group entered into a contract 中国核工业华兴建设有限公司 for the construction of a new factory, with a site area of approximately 240,000 square metres on the newly acquired land, for a leasehold period of 30 years at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC (抚顺永茂工业园区).

	RMB
Cost of construction of new factory	110,000,000
Cost of the purchase of land	12,000,000
	122,000,000
Commencement date	End July 07

33.2 On 18 July 2007, the subsidiary declared dividends of RMB 25,000,000 in respect of the financial year ended 31 March 2007.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The combined financial statements are approved by the Board of Directors on ●.

REPORT FROM THE AUDITORS IN RELATION TO THE UNAUDITED REVIEW OF THE INTERIM COMBINED FINANCIAL STATEMENTS OF YONGMAO HOLDINGS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL PERIOD FROM 1 APRIL 2007 TO 30 JUNE 2007

Statement by Directors

We, Sun Zhao Lin and Tian Ruo Nan, being two of the directors of Yongmao Holdings Limited (the "company"), do hereby state that, in the opinion of the directors,

(i) the accompanying interim combined financial statements together with the notes thereto, are drawn up so as to present fairly, the financial position of the company and its subsidiary, Fushun Yongmao Construction Machinery Co., Ltd (collectively the "group") as at 30 June 2007 and of its financial performance, changes in equity and cash flows of the group for the financial period from 1 April 2007 to 30 June 2007; and

(ii) 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 Board of Directors,

Sun Zhao Lin
Director

Tian Ruo Nan
Director

Singapore, 31 December 2007

Independent auditors' review report on interim combined financial statements for financial period from 1 April 2007 to 30 June 2007

31 December 2007

The Board of Directors
Yongmao Holdings Limited
No. 18, Sungei Kadut Avenue
Singapore 729489

Dear Sirs

Introduction

We have reviewed the accompanying interim combined financial statements of Yongmao Holdings Limited ("the company") and its subsidiary, Fushun Yongmao Construction Machinery Co., Ltd. (collectively the "group") set out on pages B-3 to B-40, as at 30 June 2007 and for the financial period then ended. Management is responsible for the preparation and fair presentation of these interim combined financial statements in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting ("FRS 34"). Our responsibility is to express a conclusion on these interim combined financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim combined financial statements do not present fairly, in all material respects, the financial position of the group as at 30 June 2007 and of its financial performance, changes in equity and cash flows for the three-month period then ended in accordance with FRS 34.

This report has been prepared for inclusion in the Prospectus in connection with the Invitation by the company in respect of the issue of ● new ordinary shares in the share capital of the company.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Yeo Boon Chye
Partner-in-charge

Yongmao Holdings Limited and its subsidiary
Financial statements for the three months ended 30 June 2007
(Prepared under Singapore Financial Reporting Standards)

Interim combined balance sheet as at 30 June 2007

	Notes	**Unaudited 30 June 2007 RMB**	Audited 31 March 2007 RMB
Assets			
Non-Current			
Property, plant and equipment	5	**19,211,845**	19,023,683
Intangible assets	6	**4,959,100**	5,249,200
Available-for-sale financial assets	7	**23,000,000**	23,000,000
		47,170,945	47,272,883
Current			
Inventories	8	**59,607,878**	56,620,743
Trade and other receivables	9	**42,404,033**	18,624,109
Amounts owing by related parties	10	**149,603,480**	99,863,008
Amount owing by an investee company (non-trade)	7	**516,603**	416,603
Cash and cash equivalents	11	**50,817,603**	50,296,388
		302,949,597	225,820,851
Total assets		**350,120,542**	273,093,734
Equity			
Capital and Reserves			
Share capital	12	**83,507,422**	83,507,422
Retained profits		**87,550,229**	52,625,594
Statutory common reserve	13	**9,289,522**	5,611,593
Exchange fluctuation reserve		**335,813**	42,441
		180,682,986	141,787,050
Liabilities			
Current			
Trade and other payables	14	**74,455,158**	49,905,065
Amount owing to immediate holding company	15	**11,436,567**	11,605,867
Amounts owing to related parties	10	**83,545,831**	56,295,752
Bank borrowings	16	**–**	13,500,000
		169,437,556	131,306,684
Total equity and liabilities		**350,120,542**	273,093,734

Director

Director

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

Yongmao Holdings Limited and its subsidiary
Financial statements for the three months ended 30 June 2007
(Prepared under Singapore Financial Reporting Standards)

Interim combined income statement for the financial period from 1 April 2007 to 30 June 2007

	Notes	**Unaudited Three months ended 30 June 2007 RMB**	Unaudited Three months ended 30 June 2006 RMB
Revenue	4	**158,332,134**	22,245,240
Cost of sales		**(103,260,003)**	(15,273,739)
Gross profit		**55,072,131**	6,971,501
Other operating income	17(a)	**216,316**	78,569
Administrative expenses	17(b)	**(3,030,681)**	(2,294,733)
Distribution costs	17(c)	**(12,560,969)**	(4,341,683)
Other operating expenses	17(d)	**(1,089,498)**	(174,375)
Finance costs	17(e)	**(4,735)**	–
Profit before taxation	18	**38,602,564**	239,279
Taxation	19	–	–
Profit after taxation for the period attributable to shareholders		**38,602,564**	239,279

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

Yongmao Holdings Limited and its subsidiary
Financial statements for the three months ended 30 June 2007
(Prepared under Singapore Financial Reporting Standards)

Interim combined statement of changes in equity for the financial period from 1 April 2007 to 30 June 2007

	Capital contribution RMB	Retained profits RMB	Statutory common reserve RMB	Exchange fluctuation reserve RMB	Total RMB
Unaudited					
Balance as at 1 April 2007	**83,507,422**	**52,625,594**	**5,611,593**	**42,441**	**141,787,050**
Translation differences	**–**	**–**	**–**	**293,372**	**293,372**
Net profit for the period	**–**	**38,602,564**	**–**	**–**	**38,602,564**
Transfer to statutory common reserve	**–**	**(3,677,929)**	**3,677,929**	**–**	**–**
Balance as at 30 June 2007	**83,507,422**	**87,550,229**	**9,289,522**	**335,813**	**180,682,986**
Balance as at 1 April 2006	5,000,010	(986,313)	–	15,093	4,028,790
Paid-in capital of Fushun Yongmao	34,301,750	–	–	–	34,301,750
Contribution during the period	16,966,072	–	–	–	16,966,072
Translation differences	–	–	–	(114,479)	(114,479)
Net profit for the period	–	239,279	–	–	239,279
Balance as at 30 June 2006	56,267,832	(747,034)	–	(99,386)	55,421,412

Note: The equity of the group at 1 April 2006 is presented as if the combining entities of the group had been interim combined since the date when they first came under common control of the controlling shareholders.

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

Yongmao Holdings Limited and its subsidiary
Financial statements for the three months ended 30 June 2007
(Prepared under Singapore Financial Reporting Standards)

Interim combined cash flow statement for the financial period from 1 April 2007 to 30 June 2007

	Unaudited For the three months period ended 30 June 2007 RMB	Unaudited For the three months period ended 30 June 2006 RMB
Cash Flows from Operating Activities		
Profit before taxation	**38,602,564**	239,279
Adjustments for:		
Depreciation of property, plant and equipment	**993,870**	287,758
Amortisation of intangible assets	**290,100**	290,100
Exchange translation	**124,072**	(114,712)
Property, plant and equipment written off	**2,000**	–
Interest income	**(52,489)**	(2,972)
Interest expense	**4,735**	–
Operating profit before working capital changes	**39,964,852**	699,453
Increase in inventories	**(2,987,135)**	(36,282,833)
Increase in operating receivables	**(63,953,463)**	(862,209)
Increase/(decrease) in operating payables	**53,050,008**	(1,980,522)
Cash generated from/(used in) operating activities	**26,074,262**	(38,426,111)
Interest paid	**(9,342)**	–
Net cash generated from/(used in) operating activities	**26,064,920**	(38,426,111)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	**(1,184,032)**	(2,018,963)
Interest received	**52,489**	2,972
Net cash used in investing activities	**(1,131,543)**	(2,015,991)
Cash Flows from Financing Activities		
Capital contribution	**–**	37,630,598
(Repayment to)/advances from related parties	**(1,245,229)**	550,783
Advances made to related parties	**(9,666,933)**	–
Repayment of bank borrowings	**(13,500,000)**	–
Net cash (used in)/generated from financing activities	**(24,412,162)**	38,181,381
Net increase/(decrease) in cash and cash equivalents	**521,215**	(2,260,721)
Cash and cash equivalents at beginning of period	**50,296,388**	12,815,276
Cash and cash equivalents at end of period (Note 11)	**50,817,603**	10,554,555

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

Notes to the interim combined financial statements

1 General information

The interim combined financial statements of the company and Fushun Yongmao Construction Machinery Co., Ltd.（抚顺永茂建筑机械有限公司）("Fushun Yongmao") (collectively referred as "the group") are prepared for the three months ended 30 June 2007.

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 ●, the company was converted from a private limited company into a public limited company and assumed the present name Yongmao Holdings Limited.

The interim combined financial statements for the three months ended 30 June 2007 were prepared based on the unaudited financial statements of the company and Fushun Yongmao. These interim combined financial statements are the combination or aggregation of all the financial statements of the companies in the group.

The registered office and principal place of business is located at No. 18 Sungei Kadut Avenue, Singapore 729489.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore while Fushun Yongmao is incorporated as a limited liability company and domiciled in the People's Republic of China ("PRC").

Pursuant to the Equity Joint Venture Contract entered on 20 October 2005, between the joint venture partners, Fushun Yongmao Engineering Machinery Co., Ltd ("FYEM")（抚顺永茂工程机械有限公司), the company and Sun Zhao Lin（孙兆林), Fushun Yongmao was converted to a Sino-Foreign equity joint venture limited liability company on 20 January 2006. Fushun Yongmao is now effectively governed by the Equity Joint Venture ("EJV") Law and EJV Law Implementation Regulations. Prior to this period, the Fushun Yongmao was incorporated as a limited liability company with a paid-in capital of RMB 5,000,000 with no assets and liabilities other than cash on hand of RMB 7,480 and amount owing by FYEM of RMB 4,964,054. No trading operations were carried out prior to the conversion as an equity joint venture company.

Fushun Yongmao maintains its accounting records and prepares statutory financial statements in accordance with accounting standards and regulations of the PRC Generally Accepted Accounting Principles ("GAAP").

The interim combined financial statements have been prepared for internal management purposes in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

The accounting policies and bases adopted in the preparation of the statutory financial statements of Fushun Yongmao differ in certain respects from FRS. The differences arising from the restatement of the results of operations and the net assets for compliance with FRS are adjusted in the interim combined financial statements but are not taken up in the accounting records of Fushun Yongmao.

1 General information (cont'd)

The interim combined financial statements are presented in Renminbi ("RMB"), being the currency in which the group's transactions are denominated. The interim combined financial statements have been prepared solely for inclusion in the prospectus in connection with the initial public offering of Yongmao Holdings Limited in Singapore.

The principal activity of the company is that of investment holding.

The principal activities of Fushun Yongmao are those of manufacturing and sale of tower cranes and construction machinery.

2(a) Basis of preparation

The interim combined financial statements of the group have been prepared in accordance with FRS 34 Interim Financial Reporting.

The interim combined financial statements of the group for the three months ended 30 June 2007 were prepared in a manner similar to the "pooling-of-interest" method as if the Restructuring Exercise had been completed on 20 January 2006. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

The interim combined financial statements, expressed in RMB, are prepared in accordance with the historical cost convention in accordance with FRS, including related Interpretations promulgated by the CCDG.

The interim combined financial statements have been prepared solely to show the financial positions of the group as at 30 June 2007 and its interim combined results for the period then ended in connection with the proposed listing of the shares of Yongmao Holdings Limited on the Singapore Exchange Securities Trading Limited.

The accounting policies have been consistently applied by the group and are consistent with those used in the previous financial year.

Significant accounting estimates and judgements

The preparation of the interim combined 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 interim combined financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

<u>Depreciation of property, plant and equipment</u>

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 5 to 20 years. The carrying amount of the group's property, plant and equipment as at 30 June 2007 is RMB 19,211,845. 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.

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

Critical judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described in Note 3 to the financial statements, management had made the following judgement that has the most significant effect on the amounts recognised in the interim combined financial statements:

Impairment of property, plant and equipment

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.

2(b) Change in accounting policies

On 1 April 2007, 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 group as a single entity:

FRS 1 (Amendment)	Amendments relating to capital disclosure
FRS 32	Financial Instruments: Presentation
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102 - Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS did not result in substantial changes to 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: Diclosures Implementation Guidance". The specific transitional provisions contained in some of these new or revised FRS have been considered.

2(c) FRS not yet effective

The group has not early adopted the following FRS or INT FRS that have been issued but not yet effective.

FRS 108	Operating Segments
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.

2(d) Restructuring exercise

The following were undertaken by the group for the Restructuring Exercise:

(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 FYEM 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. The loan from Tat Hong to Sun Tian was discharged in ●.

(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).

2(d) 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 Summary of significant accounting policies

Basis of combination

Subsidiary is that enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the interim combined financial statements from the date that control commences until the date that control ceases.

Any intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the interim combined financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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	5 - 10 years
Motor vehicles	5 years
Electronic system and equipment	5 - 10 years
Renovation	5 years

For property, plant and equipment 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 and subsequent acquisition thereon, depreciation is computed based on the remaining useful lives of the assets as at the date of transfer.

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 period-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.

For acquisitions and disposals during the financial period, 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.

3 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

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.

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 group commits 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.

3 Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

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

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 interim combined income statement for the period.

In the case of unquoted equity shares, the group records and recognises the investment at cost less impairment loss (Note 7).

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the interim combined income statement even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in interim combined income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in interim combined income statement.

Impairment losses recognised in interim combined income statement for equity investments classified as available-for-sale are not subsequently reversed through interim combined income statement. Impairment losses recognised in interim combined income statement for debt instruments classified as available-for-sale are subsequently reversed in interim combined income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

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 intends to dispose off this investment to align with its restructuring exercise as mentioned in Note 2(d) to the interim combined 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 group 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.

3 Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables (cont'd)

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 interim combined 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 interim combined income statement.

Receivables are provided against when there is objective evidence that 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.

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.

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 group's financial liabilities include trade and other payables and related party balances.

Financial liabilities are recognised when the group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the interim combined 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 interim combined income statement over the year of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current liabilities in the interim combined balance sheet even though the original terms was for a year longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the interim combined financial statements are authorised for issue. Borrowings to be settled within the group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the balance sheet date, if any, are included in non-current liabilities in the interim combined balance sheet.

3 Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Equity instruments issued by the group 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.

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 interim combined 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 interim combined income statement when incurred.

Income taxes

The liability method of tax effect accounting is adopted by 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 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 interim combined 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.

Provisions

Provisions are recognised when the group has 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.

3 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 PRC. The contributions to these schemes are charged to the interim combined income statement in the period 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.

Impairment of assets

The carrying amounts of 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.

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 interim combined 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 interim combined income statement.

3 Summary of significant accounting policies (cont'd)

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.

Functional currency

Items included in the interim combined financial statements of the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The interim combined financial statements of the group are presented in RMB which is also the functional currency of the group.

Conversion of foreign currencies

The accounting records of the companies within 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 interim combined income statement.

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 combined 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 interim combined income statement, 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.

3 Summary of significant accounting policies (cont'd)

Financial instruments

Financial instruments carried on the interim combined 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 23 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 period 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, and tower crane components and accessories, excluding applicable VAT, is detailed as follows:

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Manufactured tower cranes	**120,284,906**	21,172,822
Tower crane components and accessories	**38,047,228**	1,072,418
	158,332,134	22,245,240

5 Property, plant and equipment

	Plant structure RMB	Plant and machinery RMB	Motor vehicles RMB	Electronic system and equipment RMB	Renovation RMB	Total RMB
Cost						
Balance as at 1 April 2006	–	–	–	–	–	–
Acquisition by way of capital contribution	–	6,485,212	32,500	709,911	–	7,227,623
Additions	590,000	4,504,267	6,945,402	610,337	1,484,532	14,134,538
Balance as at 31 March 2007	590,000	10,989,479	6,977,902	1,320,248	1,484,532	21,362,161
Additions	–	107,232	1,032,010	44,790	–	1,184,032
Disposals	(2,000)	–	–	–	–	(2,000)
Balance as at 30 June 2007	**588,000**	**11,096,711**	**8,009,912**	**1,365,038**	**1,484,532**	**22,544,193**
Accumulated depreciation						
Balance as at 1 April 2006	–	–	–	–	–	–
Depreciation for the year	6,615	1,631,165	362,494	189,750	148,454	2,338,478
Balance as at 31 March 2007	6,615	1,631,165	362,494	189,750	148,454	2,338,478
Depreciation for the period	6,615	511,358	338,689	62,981	74,227	993,870
Balance as at 30 June 2007	**13,230**	**2,142,523**	**701,183**	**252,731**	**222,681**	**3,332,348**
Depreciation for the period ended 30 June 2006	–	256,868	3,900	26,990	–	287,758
Net book value						
Balance as at 30 June 2007	**574,770**	**8,954,188**	**7,308,729**	**1,112,307**	**1,261,851**	**19,211,845**
Balance as at 31 March 2007	583,385	9,358,314	6,615,408	1,130,498	1,336,078	19,023,683

	Unaudited Three months ended 30 June 2007 RMB	Audited Financial year ended 31 March 2007 RMB
Depreciation expense charged to:		
Cost of sales	**513,658**	1,613,412
Administrative expenses	**313,278**	544,921
Distribution costs	**166,934**	180,145
	993,870	2,338,478

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 the group leases the leasehold land for a period of 10 years, commencing 15 January 2006 (see Note 21).

5 Property, plant and equipment (cont'd)

Renovation 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) on a rental-free basis.

6 Intangible assets

	Trademark RMB	Patents RMB	Total RMB
Cost			
Balance as at 1 April 2006	–	–	–
Acquisition by way of capital contribution	4,006,000	2,403,600	6,409,600
Balance as at 31 March 2007 and **as at 30 June 2007**	**4,006,000**	**2,403,600**	**6,409,600**
Accumulated amortisation			
Balance as at 1 April 2006	–	–	–
Amortisation for the year	828,840	331,560	1,160,400
Balance as at 31 March 2007	828,840	331,560	1,160,400
Amortisation for the period	207,210	82,890	290,100
Balance as at 30 June 2007	**1,036,050**	**414,450**	**1,450,500**
Net book value			
Balance as at 30 June 2007	**2,969,950**	**1,989,150**	**4,959,100**
Balance as at 31 March 2007	3,177,160	2,072,040	5,249,200

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.

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.

7 Available-for-sale financial assets

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Unquoted equity investment, at cost	23,000,000	23,000,000
Amount owing by an investee company (non-trade)	516,603	416,603

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

The 100% interest held in Fushun Engineering Machinery Manufacturing Co., Ltd（抚顺工程机械制造有限公司）is 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(d) to the interim combined 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 represents unsecured advances, is interest-free and is repayable on demand.

The investee company is:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		30 June 2007	31 March 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%**	100%	Manufacture and maintenance of evacation equipment, crane, excavator, importing, exporting engineering machines

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

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Assets	47,951,531	56,093,831
Liabilities	33,578,580	41,910,389
Revenue	–	–
Net loss	321,066	510,975

8 Inventories

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
At cost:		
Raw materials	**28,436,906**	34,906,946
Work-in-progress	**14,329,088**	11,298,993
Finished goods	**16,841,884**	10,414,804
	59,607,878	56,620,743
Included in cost of sales are inventories charged of:	**103,260,003**	172,596,475

The ageing of the inventory turnover approximates 51 (31 March 2007 - 60) days.

9 Trade and other receivables

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Trade receivables	**28,725,559**	9,738,473
VAT receivables	**–**	213,632
Staff loans	**851,839**	926,839
Staff advances	**869,503**	450,025
Advances made to a director	**140,223**	–
Advances made to supplier of raw materials	**11,516,909**	6,081,240
Down-payment for property, plant and equipment	**–**	913,900
Rental deposits	**300,000**	300,000
	42,404,033	18,624,109

Trade and other receivables are denominated in the following currencies:

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Renminbi	**13,791,427**	9,099,835
United States dollar	**23,307,611**	2,085,482
Euro dollar	**5,304,995**	7,438,792
	42,404,033	18,624,109

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 group does 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 analysis of the trade receivables approximates 11 (31 March 2007 - 6) days. No allowances for impairment have been considered necessary.

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. These amounts are unsecured, interest-free and receivable on demand. The carrying value approximates the fair value of the advances.

The advances made to a director are for business purpose.

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.

10 Amounts owing by/(to) related parties

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Amounts owing by related parties		
- Trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	**8,407,080**	9,880,677
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**78,635,903**	37,048,767
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**551,182**	591,182
	87,594,165	47,520,626
- Non-trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	**24,009,315**	21,142,382
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**25,000,000**	20,000,000
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**–**	200,000
- Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司)	**600,000**	–
- China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (中核华兴达丰机械工程有限公司)	**1,400,000**	–
- 正兴(抚顺)实业有限公司	**11,000,000**	11,000,000
	62,009,315	52,342,382
	149,603,480	99,863,008
Amounts owing to related parties		
- Trade		
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	**303,186**	128,626
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	**29,516,460**	26,332,008
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**48,513,235**	23,395,443
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**18,504**	–
	78,351,385	49,856,077
- Non-trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	**4,153,580**	5,392,629
- 永茂混凝土机械有限公司	**26,379**	26,379
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	**765,800**	765,800
- Dyno Engineering Pte Ltd	**17,563**	17,847
	4,963,322	6,202,655
Amount owing to a corporate shareholder		
- Non-trade		
- Leadpoint Pte. Ltd.	**231,124**	237,020
	83,545,831	56,295,752

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

As at 30 June 2007, the credit period for the debt outstanding by related parties is as follows:

- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	400 days
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	303 days

As at 30 June 2007, the credit period for the debt outstanding to related parties is as follows:

- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	12 days
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	312 days
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	242 days

The non-trade amounts owing by related parties refer to advances made, are unsecured, interest-free and are repayable on demand. The amount of RMB 600,000 owing by Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司) was repaid on 4 July 2007.

The non-trade amounts owing to a related party, Dyno Engineering Pte Ltd and a corporate shareholder, Leadpoint Pte. Ltd., represent unsecured advances, are interest-free and are repayable on demand.

The non-trade amount owing to a related party, 永茂混凝土机械有限公司 relates to payment received on behalf, is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to a related party, Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司) relates to advance payment, is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to a related party, Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) is unsecured, interest-free and is repayable on demand. Included in RMB 4,153,580 (31 March 2007 - RMB 5,392,629) is a balance of RMB 3,941,660 which relates to the purchase of property, plant and equipment during the financial year ended 31 March 2007.

In addition, included in the combined balance sheet at 31 March 2007 was a balance of RMB 10,409 which related to capital contributed in excess made to Fushun Yongmao during the financial year ended 31 March 2007. This amount was settled during the financial period.

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

The repayment of debts for the advances made is 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
- China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (中核华兴达丰机械工程有限公司)	September 2007
- 正兴(抚顺)实业有限公司	September 2007

The repayment of debts for the advances received is as follows:

	Date
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	September 2007
- 永茂混凝土机械有限公司	August 2007
- Dyno Engineering Pte Ltd	September 2007
- Leadpoint Pte. Ltd.	September 2007

11 Cash and cash equivalents

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Cash on hand	**162,969**	255,458
Bank balances	**50,654,634**	50,040,930
	50,817,603	50,296,388

Cash and cash equivalents are denominated in the following currencies:

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Renminbi	**32,347,909**	28,574,468
Singapore dollar	**118,658**	121,685
United States dollar	**11,852,175**	19,689,369
Euro dollar	**6,498,861**	1,910,866
	50,817,603	50,296,388

12 Share capital

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Paid-in capital of		
- the company	**16,966,082**	16,966,082
- Fushun Yongmao		
- in cash	**52,904,117**	52,904,117
- in kind	**13,637,223**	13,637,223
	66,541,340	66,541,340
	83,507,422	83,507,422
Shareholders		
The company		
Leadpoint Pte. Ltd.	**3,393,214**	3,393,214
Tat Hong Holdings Ltd	**13,572,863**	13,572,863
Sun Tian (孙田)	**5**	5
	16,966,082	16,966,082
Fushun Yongmao		
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) (US$7,200,000)	**57,026,813**	57,026,813
Sun Zhao Lin (孙兆林) (US$1,200,000)	**9,514,527**	9,514,527
	66,541,340	66,541,340
	83,507,422	83,507,422

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$3,325,350 (RMB 16,966,072) fully paid.

Share capital as at 31 March 2007 and 30 June 2007 represents the aggregate paid-in capital of the company and Fushun Yongmao.

The company's interest in Fushun Yongmao at the respective balance sheet dates are as follows:

	30 June 2007	31 March 2007
Fushun Yongmao	**30%**	30%

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.

12 Share capital (cont'd)

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.

At an Extraordinary General Meeting held on 28 December 2007, our Shareholders approved, inter alia,

(i) the issue of 96,338,000 new Shares (with an aggregate issue price of S$2,181,000) in connection with the Debt Capitalisation; and

(ii) the issue of new Shares which would arise in connection with the Loan Conversion. On 28 December 2007, in connection with the Loan Conversion, the company allotted and issued an aggregate of 232,540,000 Shares and the company's issued and paid-up share capital increased to S$24,206,352 comprising 332,200,000 Shares.

On 28 December 2007, in connection with the Debt Capitalisation, 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, 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.

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 the date of lodgement of the Prospectus with the Authority.

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 the date of lodgement of the Prospectus with the Authority. 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 the date of registration of the Prospectus with the Authority, there may be upward or downward adjustments to their respective shareholdings by way of transfers between them, based on the Offer Price.

13 Statutory common reserve

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Balance as at beginning of year	**5,611,593**	–
Transfer from income statement	**3,677,929**	5,611,593
Balance as at end of year	**9,289,522**	5,611,593

According to the current PRC company law, the group 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.

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.

14 Trade and other payables

	Note	**Unaudited 30 June 2007 RMB**	Audited 31 March 2007 RMB
Trade payables		**46,745,948**	30,330,264
VAT payable		**2,765,916**	–
Accrual of salaries and related costs		**1,393,205**	1,909,544
Accrued interest		**–**	4,607
Advances from customers		**21,886,880**	15,688,495
Amount owing to directors			
- Sun Tian (孙田)	(a)	**1,500,000**	1,500,000
- Sun Zhao Lin (孙兆林)	(b)	**35,473**	35,473
- Tian Ruo Nan (田若南)	(c)	**–**	275,160
		1,535,473	1,810,633
Other payables		**127,736**	161,522
		74,455,158	49,905,065

14 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Renminbi	**54,760,062**	35,044,611
Singapore dollar	**29,626**	29,081
United States dollar	**19,665,470**	14,831,373
	74,455,158	49,905,065

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 interim combined balance sheet to be reasonable approximation of their fair value.

(a) The amount owing to director, Sun Tian（孙田）relates 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 is unsecured, interest-free and is repayable on demand.

(b) The amount owing to director, Sun Zhao Lin（孙兆林）relates to capital contributed in excess made to Fushun Yongmao. This amount is unsecured, interest-free and is repayable on demand.

(c) The amount owing to director, Tian Ruo Nan（田若南）related to reimbursable expenses incurred for business purposes. This amount was fully settled during the financial period ended 30 June 2007.

15 Amount owing to immediate holding company

		Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Amount owing to immediate holding company			
- Non-trade			
- Tat Hong Holdings Ltd	**US$1,500,000**	**11,436,567**	11,605,867

The amount owing to immediate holding company, non-trade, is unsecured, interest-free and is repayable on demand.

Subsequent to the balance sheet date, the amount of US$1,500,000 owing to immediate holding company was discharged by way of capitalisation of the said indebtedness (see Note 2(d)).

16 Bank borrowings

	Note	**Unaudited 30 June 2007 RMB**	Audited 31 March 2007 RMB
Bank loans - unsecured			
- Bank of China, Fushun Branch（中国银行抚顺分行）			
Loan #1	(a)	**–**	13,000,000
Loan #2	(b)	**–**	500,000
		–	13,500,000

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

Interest is charged at 6.2257% per annum.

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

Interest is 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.

17(a) Other operating income

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Interest income - bank deposits	**52,489**	2,972
Processing fees	**25,641**	13,994
Miscellaneous income	**138,186**	61,603
	216,316	78,569

17(b) Administrative expenses

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Depreciation expense	**313,278**	32,800
Employee benefit costs	**1,128,178**	1,174,427
Amortisation expense	**290,100**	290,100
Travelling expenses	**411,450**	196,707
Office expenses	**346,906**	235,352
Repair and maintenance	**168,316**	6,964
Others	**372,453**	358,383
	3,030,681	2,294,733

17(c) Distribution costs

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Depreciation expense	**166,934**	3,655
Employee benefit costs	**118,752**	137,047
Operating lease rentals	**900,000**	900,000
Sales service expenses	**459,396**	267,048
Office expenses	**100,425**	78,270
Research and development	**574**	24,300
Transportation expenses	**10,731,086**	2,873,966
Others	**83,802**	57,397
	12,560,969	4,341,683

17(d) Other operating expenses

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Exchange loss	**976,766**	165,838
Bank charges	**106,485**	5,299
Others	**6,247**	3,238
	1,089,498	174,375

17(e) Finance costs

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Interest expense - bank borrowings	**4,735**	–
Effective interest rate - bank borrowings	**4.27%**	–

17(f) Employee benefit costs

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Director's remuneration		
- salaries and related costs	**66,600**	62,400
- defined contributions	**1,800**	–
Key management personnel		
- salaries and related costs	**87,000**	56,625
- defined contributions	**5,126**	5,372
Other than directors and key management personnel		
- salaries and related costs	**3,327,250**	2,318,417
- defined contributions	**371,563**	259,908
	3,859,339	2,702,722
As disclosed in:		
Cost of sales	**2,612,409**	1,391,248
Administrative expenses	**1,128,178**	1,174,427
Distribution costs	**118,752**	137,047
	3,859,339	2,702,722

18 Profit before taxation

	Note	**Unaudited Three months ended 30 June 2007 RMB**	Unaudited Three months ended 30 June 2006 RMB
Profit before taxation has been arrived at			
after charging:			
Amortisation of intangible assets	6	**290,100**	290,100
Depreciation of property, plant and equipment	5	**993,870**	287,758
Exchange loss		**976,766**	165,838
Operating lease rentals		**900,000**	900,000
Property, plant and equipment written off		**2,000**	–

19 Taxation

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Current taxation	**–**	–

19 Taxation (cont'd)

The tax expense on the results of the financial periods 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:

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Profit before taxation	**38,602,564**	239,279
Tax at statutory rate of 33%	**12,738,846**	78,962
Tax exemption	**(12,779,002)**	(107,177)
Tax effect on non-deductible expenses	**40,156**	28,215
	–	–

As mentioned in Note 1 to the interim combined financial statements, on 20 January 2006, Fushun Yongmao was converted to a Sino-Foreign equity joint venture following the capital injection from the company. In this regard, 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.

20 Retirement benefit plans

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

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

Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
121,889	86,170

21 Commitments

Operating lease commitments (non-cancellable)

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 space and factory premises:

	Unaudited 30 June 2007 RMB	Audited 31 March 2007 RMB
Not later than one year	**4,150,000**	3,850,000
Later than one year and not later than five years	**19,200,000**	19,200,000
Later than five years	**17,000,000**	18,200,000

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 15 January 2006 and expires on 14 January 2016. The monthly rental payable is as follows:

	Rental per month RMB
First and second year	300,000
Third to fifth year	400,000
Subsequent years	To be agreed between parties

22 Significant related party transactions

Other than the related party information disclosed elsewhere in the interim combined financial statements, the following are significant related party transactions entered into between the group and its related parties:

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Sales to related parties		
- Fushun Yongmao Engineering Machinery Co., Ltd （抚顺永茂工程机械有限公司）	**513,812**	–
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd （北京永茂建工机械有限公司）	**35,544,560**	–
- Fushun Yongmao Hydraulic Machinery Co., Ltd. （抚顺永茂液压机械有限公司）	**50,003**	13,994
Purchases from related parties		
- Fushun Yongmao Industry and Trade Co., Ltd. （抚顺永茂工贸发展有限公司）	**401,482**	102,167
- Fushun Yongmao Engineering Machinery Co., Ltd （抚顺永茂工程机械有限公司）	**2,013,553**	3,995,553
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd （北京永茂建工机械有限公司）	**25,117,792**	–
- Fushun Yongmao Hydraulic Machinery Co., Ltd. （抚顺永茂液压机械有限公司）	**15,815**	–
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）	**900,000**	900,000

Related parties refer to companies with common director.

23 Financial risk management objectives and policies

The group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the group employs a conservative strategy regarding its risk management. As the group's exposure to market risk is kept at a minimum level, the group has not used any derivatives or other instruments for hedging purposes. The group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2007, the group's financial instruments mainly consisted of cash and cash equivalents, receivables and payables.

23.1 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 interest rate risk arises from bank borrowings. The interest rates and terms of repayment of the bank borrowings are disclosed in Note 16 to the financial statements.

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

23.2 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 ("USD"), 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 USD and Euro against the Renminbi as at 30 June would have had the following impact on the net profit by the amounts shown below.

30 June 2007	**Gain ('000)**
USD	RMB 203

30 June 2007	**Gain ('000)**
Euro	RMB 590

A 5% percent weakening of the USD and Euro against the above currency at 30 June would have the equal but opposite effect on the above currency 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.

23.3 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 receivables 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 30 June 2007, the five largest trade receivables which represents approximately 99.2% of the total trade receivables at the balance sheet date. No other financial assets carry a significant exposure to credit risk.

For sales of towercranes 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 towercranes, 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 we have with our customers.

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

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

23.4 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.

23.5 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 steel materials.

A 10% increase in the price of steel for the financial period ended 30 June 2007 would relate 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.

	30 June 2007 RMB'000
	2,043

A 10% decrease in the price of steel for the financial period ended 30 June 2007 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

24 Statement of operations by segments

The group is substantially in one business segment, namely 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

	Unaudited Three months ended 30 June 2007 RMB	Unaudited Three months ended 30 June 2006 RMB
Revenue		
Asia and Middle East	**64,719,244**	12,804,231
United States of America and Europe	**56,402,061**	7,793,281
PRC	**37,210,829**	1,647,728
	158,332,134	22,245,240

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

25 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.

26 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.

(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.

27 Capital management

The group's objectives when managing capital are:

(a) To safeguard the group's ability to continue as a going concern;

(b) To support the group's stability and growth; and

(c) To provide capital for the purpose of strengthening the group's risk management capability.

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 group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The group currently does not adopt any formal dividend policy.

28 Events after balance sheet date

28.1 Subsequent to balance sheet date, the group entered into a contract with 中国核工业华兴建设有限公司 for the construction of a new factory, with a site area of approximately 240,000 square metres on the newly acquired land, for a leasehold period of 30 years at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC (抚顺永茂工业园区).

	RMB
Cost of construction of new factory	**110,000,000**
Cost of the purchase of land	**12,000,000**
	122,000,000
Commencement date	**End July 07**

28.2 On 18 July 2007, the subsidiary declared dividends of RMB 25,000,000 in respect of the financial year ended 31 March 2007.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS OF YONGMAO HOLDINGS LIMITED AND ITS SUBSIDIARY FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2007 AND 30 JUNE 2007

Compilation report of the Reporting Accountants on the unaudited pro forma financial information of the group

This Compilation Report has been prepared for inclusion in the Prospectus dated ● (the "Prospectus") in connection with the Invitation in respect of the New Shares in the capital of Yongmao Holdings Limited (the "company").

We report on the unaudited pro forma financial information set out in pages C-1 to C-49 which has been prepared, for illustrative purposes only and are based on certain assumptions and after making certain adjustments to show what:

(i) the financial results of the company and its subsidiary, Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao") (collectively the "pro forma group") for the financial year ended 31 March 2007 and for the three months financial period ended 30 June 2007 would have been if the group structure as of the date of registration of the Prospectus had been in place since the beginning of the periods being reported on;

(ii) the financial position of the pro forma group as at 31 March 2007 and 30 June 2007 would have been if the group structure as of the date of registration of the Prospectus had been in place on that date; and

(iii) the equity changes and cash flows of the pro forma group for the financial year ended 31 March 2007 and for three months financial period ended 30 June 2007 would have been if the group structure as of the date of registration of the Prospectus had been in place since 1 April 2006.

The unaudited pro forma financial information, because of their nature, may not give a true picture of the pro forma group's actual financial position, financial results, changes in equity and cash flows of the pro forma group.

The unaudited pro forma financial information is the responsibility of the directors of the company. Our responsibility is to express an opinion on the unaudited pro forma financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice - SAP 24: "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying unaudited pro forma financial statements, consisted primarily of comparing the unaudited pro forma combined financial information to the financial statements (or where financial statements are not available, to accounting records) of the company and the companies in the pro forma group, where applicable, considering the evidence supporting the adjustments and discussing the unaudited pro forma combined financial information with the directors of the company.

Yongmao Holdings Limited
Compilation report
for the financial year ended 31 March 2007 and period ended 30 June 2007

In our opinion,

(a) the unaudited pro forma financial information have been properly prepared:

  (i) in a manner consistent with both the format of the financial statements and the accounting policies of the company which are prepared in accordance with the Singapore Financial Reporting Standards; and

  (ii) on the basis stated in Note 2(a) of this report; and

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma financial information is appropriate for the purpose of preparing such financial statements.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Yeo Boon Chye
Partner-in-charge
Singapore, 31 December 2007

Yongmao Holdings Limited
Unaudited pro forma group financial statements
for the financial year ended 31 March 2007 and period ended 30 June 2007

Unaudited pro forma group balance sheet

	Notes	30 June 2007 RMB	31 March 2007 RMB
Assets			
Non-Current			
Property, plant and equipment	5	19,211,845	19,023,683
Intangible assets	6	4,959,100	5,249,200
Available-for-sale financial assets	7	23,000,000	23,000,000
		47,170,945	47,272,883
Current			
Inventories	8	59,607,878	56,620,743
Trade and other receivables	9	42,404,033	18,624,109
Amounts owing by related parties	10	149,603,480	99,863,008
Amount owing by an investee company (non-trade)	7	516,603	416,603
Cash and cash equivalents	11	25,817,603	25,296,388
		277,949,597	200,820,851
Total assets		325,120,542	248,093,734
Equity			
Capital and Reserves			
Share capital	12	121,881,949	121,881,949
Retained profits		62,550,229	27,625,594
Statutory common reserve	13	9,289,522	5,611,593
Exchange fluctuation reserve		166,513	42,441
Merger reserve	14	(26,768,660)	(26,768,660)
		167,119,553	128,392,917
Liabilities			
Current			
Trade and other payables	15	74,455,158	49,905,065
Amount owing to former immediate holding company	16	–	–
Amounts owing to related parties	10	83,545,831	56,295,752
Bank borrowings	17	–	13,500,000
		158,000,989	119,700,817
Total equity and liabilities		325,120,542	248,093,734

Director

Director

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

Yongmao Holdings Limited
Unaudited pro forma group financial statements
for the financial year ended 31 March 2007 and period ended 30 June 2007

Unaudited pro forma group income statement

	Notes	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Revenue	4	158,332,134	278,256,309
Cost of sales		(103,260,003)	(172,596,475)
Gross profit		55,072,131	105,659,834
Other operating income	18(a)	216,316	548,717
Administrative expenses	18(b)	(3,030,681)	(11,486,287)
Distribution costs	18(c)	(12,560,969)	(34,676,796)
Other operating expenses	18(d)	(1,089,498)	(817,360)
Finance costs	18(e)	(4,735)	(4,607)
Profit before taxation	19	38,602,564	59,223,501
Taxation	20	–	–
Profit after taxation for the period attributable to shareholders		38,602,564	59,223,501

Note. There is no adjustment to the unaudited pro forma group income statement regarding the assumptions as mentioned in pages C-8 and C-10.

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

Yongmao Holdings Limited
Unaudited pro forma group financial statements
for the financial year ended 31 March 2007 and period ended 30 June 2007

Statements of adjustments

Statement of adjustments to the combined balance sheet of the pro forma group

The following adjustments have been made in arriving at the combined balance sheet of the pro forma group as at 30 June 2007:

As at 30 June 2007	Per aggregation of the balance sheets of the company and Fushun Yongmao 30 June 2007 RMB	Effect on conversion of convertible loan to share capital RMB	Effect on issuance of new shares arising from capitalising of indebtedness RMB	Effect on dividends distribution RMB	Per pro forma group balance sheet 30 June 2007 RMB
Non-Current Assets					
Property, plant and equipment	19,211,845	–	–	–	19,211,845
Intangible assets	4,959,100	–	–	–	4,959,100
Available-for-sale financial assets	23,000,000	–	–	–	23,000,000
	47,170,945	–	–	–	47,170,945
Current Assets					
Inventories	59,607,878	–	–	–	59,607,878
Trade and other receivables	42,404,033	–	–	–	42,404,033
Amounts owing by related parties	149,603,480	–	–	–	149,603,480
Amount owing by an investee company (non-trade)	516,603	–	–	–	516,603
Cash and cash equivalents	50,817,603	–	–	(25,000,000)	25,817,603
	302,949,597	–	–	(25,000,000)	277,949,597
Total assets	350,120,542	–	–	(25,000,000)	325,120,542
Equity					
Share capital	83,507,422	26,768,660	11,605,867	–	121,881,949
Retained profits	87,550,229	–	–	(25,000,000)	62,550,229
Statutory common reserve	9,289,522	–	–	–	9,289,522
Exchange fluctuation reserve	335,813	–	(169,300)	–	166,513
Merger reserve	–	(26,768,660)	–	–	(26,768,660)
	180,682,986	–	11,436,567	(25,000,000)	167,119,553
Current Liabilities					
Trade and other payables	74,455,158	–	–	–	74,455,158
Amount owing to former immediate holding company	11,436,567	–	(11,436,567)	–	–
Amounts owing to related parties	83,545,831	–	–	–	83,545,831
Bank borrowings	–	–	–	–	–
	169,437,556	–	(11,436,567)	–	158,000,989
Total equity and liabilities	350,120,542	–	–	(25,000,000)	325,120,542

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

Statements of adjustments (cont'd)

Statement of adjustments to the combined balance sheet of the pro forma group (cont'd)

The following adjustments have been made in arriving at the combined balance sheet of the pro forma group as at 31 March 2007:

As at 31 March 2007	Per aggregation of the balance sheets of the company and Fushun Yongmao 31 March 2007 RMB	Effect on conversion of convertible loan to share capital RMB	Effect on issuance of new shares arising from capitalising of indebtedness RMB	Effect on dividends distribution RMB	Per pro forma group balance sheet 31 March 2007 RMB
Non-Current Assets					
Property, plant and equipment	19,023,683	–	–	–	19,023,683
Intangible assets	5,249,200	–	–	–	5,249,200
Available-for-sale financial assets	23,000,000	–	–	–	23,000,000
	47,272,883	–	–	–	47,272,883
Current Assets					
Inventories	56,620,743	–	–	–	56,620,743
Trade and other receivables	18,624,109	–	–	–	18,624,109
Amounts owing by related parties	99,863,008	–	–	–	99,863,008
Amount owing by an investee company (non-trade)	416,603	–	–	–	416,603
Cash and cash equivalents	50,296,388	–	–	(25,000,000)	25,296,388
	225,820,851	–	–	(25,000,000)	200,820,851
Total assets	273,093,734	–	–	(25,000,000)	248,093,734
Equity					
Share capital	83,507,422	26,768,660	11,605,867	–	121,881,949
Retained profits	52,625,594	–	–	(25,000,000)	27,625,594
Statutory common reserve	5,611,593	–	–	–	5,611,593
Exchange fluctuation reserve	42,441	–	–	–	42,441
Merger reserve	–	(26,768,660)	–	–	(26,768,660)
	141,787,050	–	11,605,867	(25,000,000)	128,392,917
Current Liabilities					
Trade and other payables	49,905,065	–	–	–	49,905,065
Amount owing to former immediate holding company	11,605,867	–	(11,605,867)	–	–
Amounts owing to related parties	56,295,752	–	–	–	56,295,752
Bank borrowings	13,500,000	–	–	–	13,500,000
	131,306,684	–	(11,605,867)	–	119,700,817
Total equity and liabilities	273,093,734	–	–	(25,000,000)	248,093,734

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

Statements of adjustments (cont'd)

Statement of adjustments to the combined balance sheet of the pro forma group (cont'd)

The following adjustments have been made in arriving at the combined balance sheet of the pro forma group as at 30 June 2007:

As at 30 June 2007	Per aggregation of the balance sheets of the company and Fushun Yongmao 30 June 2007 RMB	Pro forma adjustments to pro forma group balance sheet RMB	Per pro forma group balance sheet 30 June 2007 RMB
Non-Current Assets			
Property, plant and equipment	19,211,845	–	19,211,845
Intangible assets	4,959,100	–	4,959,100
Available-for-sale financial assets	23,000,000	–	23,000,000
	47,170,945	–	47,170,945
Current Assets			
Inventories	59,607,878	–	59,607,878
Trade and other receivables	42,404,033	–	42,404,033
Amounts owing by related parties	149,603,480	–	149,603,480
Amount owing by an investee company (non-trade)	516,603	–	516,603
Cash and cash equivalents	50,817,603	(25,000,000)	25,817,603
	302,949,597	(25,000,000)	277,949,597
Total assets	350,120,542	(25,000,000)	325,120,542
Equity			
Share capital	83,507,422	38,374,527	121,881,949
Retained profits	87,550,229	(25,000,000)	62,550,229
Statutory common reserve	9,289,522	–	9,289,522
Exchange fluctuation reserve	335,813	(169,300)	166,513
Merger reserve	–	(26,768,660)	(26,768,660)
	180,682,986	(13,563,433)	167,119,553
Current Liabilities			
Trade and other payables	74,455,158	–	74,455,158
Amount owing to former immediate holding company	11,436,567	(11,436,567)	–
Amounts owing to related parties	83,545,831	–	83,545,831
Bank borrowings	–	–	–
	169,437,556	(11,436,567)	158,000,989
Total equity and liabilities	350,120,542	(25,000,000)	325,120,542

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

Statements of adjustments (cont'd)

Notes to pro forma adjustments and assumptions:

- Effect of including the issuance of new fully paid ordinary shares in the share capital of the company on the assumption that the convertible loan of RMB 93,310,000 agreed to be granted on 5 October 2007 (see Note 2(d)) were capitalised into new ordinary shares in the share capital of the company as at the beginning of the balance sheet date. The said loan is short term in nature and the face value of the loan approximates the fair value. Accordingly, no adjustment has been made to the unaudited pro forma combined income statement.

- Effect of the distribution of dividends of RMB 25,000,000 declared in July 2007.

- Effect of including the issuance of new fully paid ordinary shares in the share capital of the company on the assumptions that:

  (i) The transfer of 516,571 shares at the equivalent sum of RMB 3,393,214 by Leadpoint Pte. Ltd., the transferor, to the existing shareholders, Tat Hong Holdings Ltd ("Tat Hong") (361,600 shares); and to the new proposed shareholders, Lim Kok Yong (108,480 shares) and Ying Siew Khay Terence (46,491 shares) on 24 December 2007;

  (ii) Tat Hong made a loan of RMB 11,605,867 (US$1.5 million) to the company in the financial year ended 31 March 2007 to enable the company to contribute towards an increase in the registered capital of Fushun Yongmao. Such loan was unsecured, interest-free and is repayable on demand. This loan has been 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; and

  (iii) The issuance of 25,925,372 shares to the existing shareholders, at Tat Hong's direction, to acquire the aforesaid shares from Tat Hong in the proportion of Sun Tian (S$1), Lim Kok Yong (S$71,221) and Ying Siew Khay Terence (S$30,523).

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

Statements of adjustments (cont'd)

Statement of adjustments to the combined balance sheet of the pro forma group (cont'd)

The following adjustments have been made in arriving at the combined balance sheet of the pro forma group as at 31 March 2007:

As at 31 March 2007	Per aggregation of the balance sheets of the company and Fushun Yongmao 31 March 2007 RMB	Pro forma adjustments to pro forma group balance sheet RMB	Per pro forma group balance sheet 31 March 2007 RMB
Non-Current Assets			
Property, plant and equipment	19,023,683	–	19,023,683
Intangible assets	5,249,200	–	5,249,200
Available-for-sale financial assets	23,000,000	–	23,000,000
	47,272,883	–	47,272,883
Current Assets			
Inventories	56,620,743	–	56,620,743
Trade and other receivables	18,624,109	–	18,624,109
Amounts owing by related parties	99,863,008	–	99,863,00
Amount owing by an investee company (non-trade)	416,603	–	416,603
Cash and cash equivalents	50,296,388	(25,000,000)	25,296,388
	225,820,851	(25,000,000)	200,820,851
Total assets	273,093,734	(25,000,000)	248,093,734
Equity			
Share capital	83,507,422	38,374,527	121,881,949
Retained profits	52,625,594	(25,000,000)	27,625,594
Statutory common reserve	5,611,593	–	5,611,593
Exchange fluctuation reserve	42,441	–	42,441
Merger reserve	–	(26,768,660)	(26,768,660)
	141,787,050	(13,394,133)	128,392,917
Current Liabilities			
Trade and other payables	49,905,065	–	49,905,065
Amount owing to former immediate holding company	11,605,867	(11,605,867)	–
Amounts owing to related parties	56,295,752	–	56,295,752
Bank borrowings	13,500,000	–	13,500,000
	131,306,684	(11,605,867)	119,700,817
Total equity and liabilities	273,093,734	(25,000,000)	248,093,734

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

Statements of adjustments (cont'd)

Notes to pro forma adjustments and assumptions:

- Effect of including the issuance of new fully paid ordinary shares in the share capital of the company on the assumption that the convertible loan of RMB 93,310,000 agreed to be granted on 5 October 2007 (see Note 2(d)) were capitalised into new ordinary shares in the share capital of the company as at the beginning of the balance sheet date. The said loan is short term in nature and the face value of the loan approximates the fair value. Accordingly, no adjustment has been made to the unaudited pro forma combined income statement.

- Effect of the distribution of dividends of RMB 25,000,000 declared in July 2007.

- Effect of including the issuance of new fully paid ordinary shares in the share capital of the company on the assumptions that:

  (i) The transfer of 516,571 shares at the equivalent sum of RMB 3,393,214 by Leadpoint Pte. Ltd., the transferor, to the existing shareholders, Tat Hong (361,600 shares); and to the new proposed shareholders, Lim Kok Yong (108,480 shares) and Ying Siew Khay Terence (46,491 shares) on 24 December 2007;

  (ii) Tat Hong made a loan of RMB 11,605,867 (US$1.5 million) to the company in the financial year ended 31 March 2007 to enable the company to contribute towards an increase in the registered capital of Fushun Yongmao. Such loan was unsecured, interest-free and is repayable on demand. This loan has been 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; and

  (iii) The issuance of 25,925,372 shares to the existing shareholders, at Tat Hong's direction, to acquire the aforesaid shares from Tat Hong in the proportion of Sun Tian (S$1), Lim Kok Yong (S$71,221) and Ying Siew Khay Terence (S$30,523).

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

Yongmao Holdings Limited
Unaudited pro forma group financial statements
for the financial year ended 31 March 2007 and period ended 30 June 2007

Unaudited pro forma group statement of changes in equity

	Capital Contribution RMB	(Accumulated losses)/ retained profits RMB	Statutory common reserve RMB	Merger reserve RMB	Exchange fluctuation reserve RMB	Total RMB
Balance as at 1 April 2006	10	(986,314)	–	–	15,093	(971,211)
Contribution in pursuant to the Restructuring Exercise	66,541,340	–	–	–	–	66,541,340
Merger reserve arising from the Restructuring Exercise	26,768,660	–	–	(26,768,660)	–	–
	93,310,000	–	–	(26,768,660)	–	66,541,340
Capital contribution	16,966,072	–	–	–	–	16,966,072
Issue of 96,338,000 new ordinary shares	11,605,867	–	–	–	–	11,605,867
Dividends paid	–	(25,000,000)	–	–	–	(25,000,000)
Translation differences	–	–	–	–	27,348	27,348
Net profit for the year	–	59,223,501	–	–	–	59,223,501
Transfer to statutory common reserve	–	(5,611,593)	5,611,593	–	–	–
Balance as at 1 April 2007	121,881,949	27,625,594	5,611,593	(26,768,660)	42,441	128,392,917
Translation differences	–	–	–	–	124,072	124,072
Net profit for the period	–	38,602,564	–	–	–	38,602,564
Transfer to statutory common reserve	–	(3,677,929)	3,677,929	–	–	–
Balance as at 30 June 2007	121,881,949	62,550,229	9,289,522	(26,768,660)	166,513	167,119,553

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

Yongmao Holdings Limited
Unaudited pro forma group financial statements
for the financial year ended 31 March 2007 and period ended 30 June 2007

Unaudited pro forma group cash flow statement

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Cash Flows from Operating Activities		
Profit before taxation	38,602,564	59,223,501
Adjustments for:		
Depreciation of property, plant and equipment	993,870	2,338,478
Amortisation of intangible assets	290,100	1,160,400
Exchange translation	124,072	27,348
Property, plant and equipment written off	2,000	–
Interest income	(52,489)	(196,098)
Interest expense	4,735	4,607
Operating profit before working capital changes	39,964,852	62,558,236
Increase in inventories	(2,987,135)	(56,620,743)
Increase in operating receivables	(63,953,463)	(64,841,887)
Increase in operating payables	53,050,008	93,246,558
Cash generated from operating activities	26,074,262	34,342,164
Interest paid	(9,342)	–
Net cash generated from operating activities	26,064,920	34,342,164
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,184,032)	(10,192,878)
Acquisition of available-for-sale financial assets	–	(23,000,000)
Interest received	52,489	196,098
Net cash used in investing activities	(1,131,543)	(32,996,780)
Cash Flows from Financing Activities		
Capital contribution	–	64,870,189
Issue of new ordinary shares	–	11,605,867
Issue of shares arising from convertible loan in a company of the pro forma group	–	93,310,000
Deemed distribution to the then equity owners pursuant to the Restructuring Exercise	–	(66,541,340)
Merger reserve arising from Restructuring Exercise	–	(26,768,660)
Bank loans obtained	–	13,500,000
Repayment of bank borrowings	(13,500,000)	–
Advances from a director	–	1,500,000
Repayment to former immediate holding company	–	(13,481,584)
(Repayment to)/advances received from related parties	(1,245,229)	2,901,225
Advances to related parties	(9,666,933)	(44,759,969)
Dividends paid	–	(25,000,000)
Net cash (used in)/generated from financing activities	(24,412,162)	11,135,728
Net increase in cash and cash equivalents	521,215	12,481,112
Cash and cash equivalents at beginning of period	25,296,388	12,815,276
Cash and cash equivalents at end of period (Note 11)	25,817,603	25,296,388

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

Yongmao Holdings Limited
Unaudited pro forma group financial statements
for the financial year ended 31 March 2007 and period ended 30 June 2007

Unaudited pro forma group cash flow statement

	Combined financial statements for period ended 30 June 2007 RMB	Pro forma adjustments RMB	Pro forma financial statements for period ended 30 June 2007 RMB
Cash Flows from Operating Activities			
Profit before taxation	38,602,564	–	38,602,564
Adjustments for:			
Depreciation of property, plant and equipment	993,870	–	993,870
Amortisation of intangible assets	290,100	–	290,100
Exchange translation	124,072	–	124,072
Property, plant and equipment written off	2,000	–	2,000
Interest income	(52,489)	–	(52,489)
Interest expense	4,735	–	4,735
Operating profit before working capital changes	39,964,852	–	39,964,852
Increase in inventories	(2,987,135)	–	(2,987,135)
Increase in operating receivables	(63,953,463)	–	(63,953,463)
Increase in operating payables	53,050,008	–	53,050,008
Cash generated from operating activities	26,074,262	–	26,074,262
Interest paid	(9,342)	–	(9,342)
Net cash generated from operating activities	26,064,920	–	26,064,920
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(1,184,032)	–	(1,184,032)
Interest received	52,489	–	52,489
Net cash used in investing activities	(1,131,543)	–	(1,131,543)
Cash Flows from Financing Activities			
Capital contribution	–	–	–
Repayment to related parties	(1,245,229)	–	(1,245,229)
Advances made to related parties	(9,666,933)	–	(9,666,933)
Repayment of bank borrowings	(13,500,000)	–	(13,500,000)
Net cash used in financing activities	(24,412,162)	–	(24,412,162)
Net increase in cash and cash equivalents	521,215	–	521,215
Cash and cash equivalents at beginning of period	50,296,388	(25,000,000)	25,296,388
Cash and cash equivalents at end of period (Note 11)	50,817,603	(25,000,000)	25,817,603

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

Unaudited pro forma group cash flow statement (cont'd)

	Combined financial statements for year ended 31 March 2007 RMB	Pro forma adjustments RMB	Pro forma financial statements for year ended 31 March 2007 RMB
Cash Flows from Operating Activities			
Profit before taxation	59,223,501	–	59,223,501
Adjustments for:			
Depreciation of property, plant and equipment	2,338,478	–	2,338,478
Amortisation of intangible assets	1,160,400	–	1,160,400
Exchange translation	27,348	–	27,348
Interest income	(196,098)	–	(196,098)
Interest expense	4,607	–	4,607
Operating profit before working capital changes	62,558,236	–	62,558,236
Increase in inventories	(56,620,743)	–	(56,620,743)
Increase in operating receivables	(64,841,887)	–	(64,841,887)
Increase in operating payables	93,246,558	–	93,246,558
Cash generated from operating activities	34,342,164	–	34,342,164
Interest paid	–	–	–
Net cash generated from operating activities	34,342,164	–	34,342,164
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(10,192,878)	–	(10,192,878)
Acquisition of available-for-sale financial assets	(23,000,000)	–	(23,000,000)
Interest received	196,098	–	196,098
Net cash used in investing activities	(32,996,780)	–	(32,996,780)
Cash Flows from Financing Activities			
Capital contribution	64,870,189	–	64,870,189
Issue of new ordinary shares	–	11,605,867	11,605,867
Issue of shares arising from convertible loan in a company of the pro forma group	–	93,310,000	93,310,000
Deemed distribution to the then equity owners pursuant to the Restructuring Exercise	–	(66,541,340)	(66,541,340)
Merger reserve arising from Restructuring Exercise	–	(26,768,660)	(26,768,660)
Bank loans obtained	13,500,000	–	13,500,000
Advances from a director	1,500,000	–	1,500,000
Repayment to former immediate holding company	(1,875,717)	(11,605,867)	(13,481,584)
Advances to related parties	(44,759,969)	–	(44,759,969)
Advances received from related parties	2,901,225	–	2,901,225
Dividends paid	–	(25,000,000)	(25,000,000)
Net cash generated from financing activities	36,135,728	(25,000,000)	11,135,728
Net increase in cash and cash equivalents	37,481,112	(25,000,000)	12,481,112
Cash and cash equivalents at beginning of period	12,815,276	–	12,815,276
Cash and cash equivalents at end of period (Note 11)	50,296,388	(25,000,000)	25,296,388

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

Notes to the unaudited pro forma group financial statements

1 General information

The unaudited pro forma combined financial statements of the company and Fushun Yongmao Construction Machinery Co., Ltd.（抚顺永茂建筑机械有限公司）("Fushun Yongmao") (collectively referred as "the group") are prepared for the financial year ended 31 March 2007 and three months ended 30 June 2007.

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 ●, the company was converted from a private limited company into a public limited company and assumed the present name Yongmao Holdings Limited.

The unaudited pro forma combined financial statements for the financial year ended 31 March 2007 and three months ended 30 June 2007 were prepared based on the unaudited financial statements of the company and Fushun Yongmao. These unaudited pro forma combined financial statements are the combination or aggregation of all the financial statements of the companies in the pro forma group.

The registered office and principal place of business is located at No. 18 Sungei Kadut Avenue, Singapore 729489.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore while Fushun Yongmao is incorporated as a limited liability company and domiciled in the People's Republic of China ("PRC").

Pursuant to the Equity Joint Venture Contract entered on 20 October 2005, between the joint venture partners, Fushun Yongmao Engineering Machinery Co., Ltd ("FYEM")（抚顺永茂工程机械有限公司), the company and Sun Zhao Lin（孙兆林), Fushun Yongmao was converted to a Sino-Foreign equity joint venture limited liability company on 20 January 2006. Fushun Yongmao is now effectively governed by the Equity Joint Venture ("EJV") Law and EJV Law Implementation Regulations. Prior to this period, Fushun Yongmao was incorporated as a limited liability company with a paid-in capital of RMB 5,000,000 with no assets and liabilities other than cash on hand of RMB 7,480 and amount owing by FYEM of RMB 4,964,054. No trading operations were carried out prior to the conversion as an equity joint venture company.

Pursuant to Section 23 of Part IX of the Fifth Schedule of the Securities Futures Regulations, the pro forma unaudited combined financial statements for the financial year ended 31 March 2007 and period ended 30 June 2007 were prepared based on the unaudited financial statements of the company and Fushun Yongmao.

The unaudited pro forma combined financial statements have been prepared for internal management purposes in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

Fushun Yongmao maintains its accounting records and prepares statutory financial statements in accordance with accounting standards and regulations of the PRC Generally Accepted Accounting Principles ("GAAP").

1 General information (cont'd)

The accounting policies and bases adopted in the preparation of the statutory financial statements of Fushun Yongmao differ in certain respects from FRS. The differences arising from the restatement of the results of operations and the net assets for compliance with FRS are adjusted in the unaudited pro forma combined financial statements but are not taken up in the accounting records of Fushun Yongmao.

The unaudited pro forma combined financial statements are presented in Renminbi ("RMB"), being the currency in which the pro forma group's transactions are denominated. The unaudited pro forma combined financial statements have been prepared solely for inclusion in the prospectus in connection with the initial public offering of Yongmao Holdings Limited in Singapore.

The principal activity of the company is that of investment holding.

The principal activities of Fushun Yongmao are those of manufacturing and sale of tower cranes and construction machinery.

2(a) Basis of preparation

The unaudited pro forma combined financial statements of the pro forma group for the financial year ended 31 March 2007 and three months ended 30 June 2007 were prepared in a manner similar to the "pooling-of-interest" method as if the Restructuring Exercise had been completed on 20 January 2006. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

The unaudited pro forma combined financial statements, expressed in RMB, are prepared in accordance with the historical cost convention in accordance with FRS, including related Interpretations promulgated by the CCDG.

The unaudited pro forma combined financial statements have been prepared solely to show the financial positions of the pro forma group as at 31 March 2007 and 30 June 2007 and its unaudited pro forma combined results for the periods then ended in connection with the proposed listing of the shares of Yongmao Holdings Limited on the Singapore Exchange Securities Trading Limited.

The accounting policies have been consistently applied by the pro forma group and are consistent with those used in the previous financial year.

The objective of the unaudited pro forma combined financial statements is to show what the historical information might have been had the pro forma Group structure existed throughout the financial year/period under review, or since the respective dates of incorporation/establishment of the companies in the pro forma group, whichever is earlier, and thus they are for illustrative purposes only.

However, the unaudited pro forma combined financial statements are not necessarily indicative of the results of the operations, changes in shareholders' equity and cash flows that would have been attained had the pro forma group actually existed earlier, and therefore may not give a true picture of the pro forma group's actual results, changes in shareholders' equity and cash flows.

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

In arriving at the unaudited pro forma combined financial statements, adjustments have been made as considered necessary in order to present the financial statements on a consistent and comparable basis as if the pro forma group existed throughout the year/period, or since the respective dates of incorporation/establishment of the companies in the pro forma group, whichever is earlier. The pro forma adjustments are set out on pages C-5 to C-10 of this report.

The unaudited combined financial statements of the pro forma group for the financial year/period under review were prepared based on the following:

(i) audited financial statements of Yongmao Holdings Limited for the financial year ended 31 March 2007, and the unaudited financial statements of Yongmao Holdings Limited for the financial period from 1 April 2007 to 30 June 2007 prepared in accordance with FRS.

(ii) For the purpose of preparing the unaudited pro forma combined income statement of the pro forma group, the following basis is adopted:-

(1) For the financial year ended 31 March 2007, the aggregation of the income statement of Yongmao Holdings Limited for the financial year ended 31 March 2007 and the income statement of Fushun Yongmao for the financial year ended 31 March 2007.

(2) For the financial period ended 30 June 2007, the aggregation of the unaudited income statement of Yongmao Holdings Limited for the financial period ended 30 June 2007 and the unaudited income statement of Fushun Yongmao for the financial period ended 30 June 2007.

(iii) audited financial statements of Fushun Yongmao for the financial year ended 31 March 2007; and the unaudited financial statements of Fushun Yongmao for the financial period from 1 April 2007 to 30 June 2007, prepared in accordance with FRS.

The statutory audited financial statements of Fushun Yongmao prepared in accordance with applicable accounting regulations in the PRC for PRC tax reporting purposes for the financial year ended 31 December 2006 were audited by Liao Ning Zhong Hua Xin Certified Public Accountants Co., Ltd., a member of the Chinese Institute of Certified Public Accountants. The auditors' reports on these audited financial statements were not subject to any qualifications, modifications or disclaimers.

For the purpose of this report, the financial statements for the financial year ended 31 March 2007 has been prepared in accordance with FRS. Foo Kon Tan Grant Thornton, a member of the Institute of Certified Public Accountants of Singapore, was engaged to audit the financial statements of Fushun Yongmao for the financial year ended 31 March 2007 prepared in accordance with FRS and the auditors' report on these financial statements was not subject to any qualifications, modifications or disclaimers.

All material intra-group transactions and balances, if any, have been eliminated in the preparation of the unaudited combined financial statements of the pro forma group.

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

Significant accounting estimates and judgements

The preparation of the unaudited pro forma combined 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 unaudited pro forma combined financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

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 5 to 20 years. The carrying amount of the pro forma group's property, plant and equipment as at 31 March 2007 and 30 June 2007 are RMB 19,211,845 and RMB 19,023,683 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 to the unaudited pro forma group financial statements, management had made the following judgement that has the most significant effect on the amounts recognised in the unaudited pro forma combined financial statements:

Impairment of property, plant and equipment

The pro forma 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.

2(b) Change in accounting policies

On 1 April 2006, the pro forma 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 pro forma group as a single entity:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Amendments relating to net investment in a foreign operation
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies

2(b) Change in accounting policies (cont'd)

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies. There is no effect on the adoption of financial guarantees on the current financial statements.

On 1 April 2007, the pro forma 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 pro forma group as a single entity:

FRS 1 (Amendment)	Amendments relating to capital disclosure
FRS 32	Financial Instruments: Presentation
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102 - Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS did not result in substantial changes to the pro forma 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: Diclosures Implementation Guidance". The specific transitional provisions contained in some of these new or revised FRS have been considered.

2(c) FRS not yet effective

The pro forma group has not early adopted the following FRS or INT FRS that have been issued but not yet effective.

FRS 108	Operating Segments
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 unaudited pro forma combined 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.

2(d) Restructuring exercise

The following were undertaken by the pro forma group for the Restructuring Exercise:

(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 FYEM 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 3 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. The loan from Tat Hong to Sun Tian was discharged in ●.

(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).

(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 pro forma group to manufacture crawler cranes in the future. However, the transaction was undertaken as a purchase of equity interest instead.

2(d) Restructuring exercise (cont'd)

To re-align the objectives of the pro forma 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 Summary of significant accounting policies

Basis of combination

Subsidiary is that enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the unaudited pro forma combined financial statements from the date that control commences until the date that control ceases.

Any intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the unaudited pro forma combined financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Summary of significant accounting policies (cont'd)

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	5 - 10 years
Motor vehicles	5 years
Electronic system and equipment	5 - 10 years
Renovation	5 years

For property, plant and equipment 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 and subsequent acquisition thereon, depreciation is computed based on the remaining useful lives of the assets as at the date of transfer.

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 period/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.

For acquisitions and disposals during the financial period/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.

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.

3 Summary of significant accounting policies (cont'd)

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

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.

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 pro forma group commits 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 pro forma group does not designate any financial assets at fair value through profit or loss or held-to-maturity investment.

3 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 unaudited pro forma combined income statement for the period.

In the case of unquoted equity shares, the pro forma group records and recognises the investment at cost less impairment loss (Note 7).

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the unaudited pro forma combined income statement even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in unaudited pro forma combined income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in unaudited pro forma combined income statement.

Impairment losses recognised in unaudited pro forma combined income statement for equity investments classified as available-for-sale are not subsequently reversed through unaudited pro forma combined income statement. Impairment losses recognised in unaudited pro forma combined income statement for debt instruments classified as available-for-sale are subsequently reversed in unaudited pro forma combined income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

The pro forma 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 pro forma group intends to dispose off this investment to align with its restructuring exercise as mentioned in Note 2(d) to the unaudited pro forma combined 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 pro forma group 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.

3 Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables (cont'd)

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 unaudited pro forma combined 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 unaudited pro forma combined income statement.

Receivables are provided against when there is objective evidence that the pro forma 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.

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.

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 pro forma group's financial liabilities include trade and other payables and related party balances.

Financial liabilities are recognised when the pro forma group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the unaudited pro forma combined 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 unaudited pro forma combined income statement over the year of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current liabilities in the unaudited pro forma combined balance sheet even though the original terms was for a year longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the unaudited pro forma combined financial statements are authorised for issue. Borrowings to be settled within the pro forma group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the balance sheet date, if any, are included in non-current liabilities in the unaudited pro forma combined balance sheet.

3 Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Equity instruments issued by the pro forma group 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.

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 unaudited pro forma combined 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 unaudited pro forma combined income statement when incurred.

Income taxes

The liability method of tax effect accounting is adopted by the pro forma 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 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 unaudited pro forma combined 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.

Provisions

Provisions are recognised when the pro forma group has 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.

3 Summary of significant accounting policies (cont'd)

Employee benefits

Pension obligations

The pro forma group participates in the defined contribution national pension and other welfare schemes as provided by the laws in the PRC. The contributions to these schemes are charged to the unaudited pro forma combined income statement in the period 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.

Impairment of assets

The carrying amounts of the pro forma 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.

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 unaudited pro forma combined 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 unaudited pro forma combined income statement.

3 Summary of significant accounting policies (cont'd)

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.

Functional currency

Items included in the unaudited pro forma combined financial statements of the pro forma group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The unaudited pro forma combined financial statements of the pro forma group are presented in RMB which is also the functional currency of the pro forma group.

Conversion of foreign currencies

The accounting records of the companies within the pro forma 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 unaudited pro forma combined income statement.

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 combined 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 unaudited pro forma combined income statement, 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.

3 Summary of significant accounting policies (cont'd)

Financial instruments

Financial instruments carried on the unaudited pro forma combined 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 24 to the unaudited pro forma group financial statements.

Segment reporting

A segment is a distinguishable component of the pro forma 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 period presented, the pro forma group has one operating segment, which is the manufacturing and sale of tower cranes and tower crane components and accessories. The pro forma 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, and tower crane components and accessories, excluding applicable VAT, is detailed as follows:

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Manufactured tower cranes	120,284,906	232,404,598
Tower crane components and accessories	38,047,228	45,851,711
	158,332,134	278,256,309

5 Property, plant and equipment

	Plant structure RMB	Plant and machinery RMB	Motor vehicles RMB	Electronic system and equipment RMB	Renovation RMB	Total RMB
Cost						
Balance as at 1 April 2006	–	–	–	–	–	–
Acquisition by way of capital contribution	–	6,485,212	32,500	709,911	–	7,227,623
Additions	590,000	4,504,267	6,945,402	610,337	1,484,532	14,134,538
Balance as at 31 March 2007	590,000	10,989,479	6,977,902	1,320,248	1,484,532	21,362,161
Additions	–	107,232	1,032,010	44,790	–	1,184,032
Disposals	(2,000)	–	–	–	–	(2,000)
Balance as at 30 June 2007	588,000	11,096,711	8,009,912	1,365,038	1,484,532	22,544,193
Accumulated depreciation						
Balance as at 1 April 2006	–	–	–	–	–	–
Depreciation for the year	6,615	1,631,165	362,494	189,750	148,454	2,338,478
Balance as at 31 March 2007	6,615	1,631,165	362,494	189,750	148,454	2,338,478
Depreciation for the period	6,615	511,358	338,689	62,981	74,227	993,870
Balance as at 30 June 2007	13,230	2,142,523	701,183	252,731	222,681	3,332,348
Depreciation for the period ended 30 June 2006	–	256,868	3,900	26,990	–	287,758
Net book value						
Balance as at 30 June 2007	574,770	8,954,188	7,308,729	1,112,307	1,261,851	19,211,845
Balance as at 31 March 2007	583,385	9,358,314	6,615,408	1,130,498	1,336,078	19,023,683

5 Property, plant and equipment (cont'd)

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Depreciation expense charged to:		
Cost of sales	513,658	1,613,412
Administrative expenses	313,278	544,921
Distribution costs	166,934	180,145
	993,870	2,338,478

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 the pro forma group leases the leasehold land for a period of 10 years, commencing 15 January 2006 (see Note 22).

Renovation relates to refurbishing works carried out for an office premise, situated at 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, 100176. The office premise belongs to a director of the pro forma group, Mr Sun Zhao Lin on a rental-free basis.

6 Intangible assets

	Trademark RMB	Patents RMB	Total RMB
Cost			
Balance as at 1 April 2006	–	–	–
Acquisition by way of capital contribution	4,006,000	2,403,600	6,409,600
Balance as at 31 March 2007 and as at 30 June 2007	4,006,000	2,403,600	6,409,600
Accumulated amortisation			
Balance as at 1 April 2006	–	–	–
Amortisation for the year	828,840	331,560	1,160,400
Balance as at 31 March 2007	828,840	331,560	1,160,400
Amortisation for the period	207,210	82,890	290,100
Balance as at 30 June 2007	1,036,050	414,450	1,450,500
Net book value			
Balance as at 30 June 2007	2,969,950	1,989,150	4,959,100
Balance as at 31 March 2007	3,177,160	2,072,040	5,249,200

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.

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

7 Available-for-sale financial assets

	30 June 2007 RMB	31 March 2007 RMB
Unquoted equity investment, at cost	23,000,000	23,000,000
Amount owing by an investee company (non-trade)	516,603	416,603

The 100% interest held in Fushun Engineering Machinery Manufacturing Co., Ltd（抚顺工程机械制造有限公司）is regarded as an investment as the pro forma 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(d) to the unaudited pro forma combined 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 represents unsecured advances, is interest-free and is repayable on demand.

The investee company is:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		30 June 2007	31 March 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%	100%	Manufacture and maintenance of evacation equipment, crane, excavator, importing, exporting engineering machines

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

	30 June 2007 RMB	31 March 2007 RMB
Assets	47,951,531	56,093,831
Liabilities	33,578,580	41,910,389
Revenue	–	–
Net loss	321,066	510,975

8 Inventories

	30 June 2007 RMB	31 March 2007 RMB
At cost:		
Raw materials	28,436,906	34,906,946
Work-in-progress	14,329,088	11,298,993
Finished goods	16,841,884	10,414,804
	59,607,878	56,620,743
Included in cost of sales are inventories charged of:	103,260,003	172,596,475

The ageing of the inventory turnover approximates 51 (31 March 2007 - 60) days.

9 Trade and other receivables

	30 June 2007 RMB	31 March 2007 RMB
Trade receivables	28,725,559	9,738,473
VAT receivables	–	213,632
Staff loans	851,839	926,839
Staff advances	869,503	450,025
Advances made to a director	140,223	–
Advances made to supplier of raw materials	11,516,909	6,081,240
Down-payment for property, plant and equipment	–	913,900
Rental deposits	300,000	300,000
	42,404,033	18,624,109

Trade and other receivables are denominated in the following currencies:

	30 June 2007 RMB	31 March 2007 RMB
Renminbi	13,791,427	9,099,835
United States dollar	23,307,611	2,085,482
Euro dollar	5,304,995	7,438,792
	42,404,033	18,624,109

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 pro forma group does 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 analysis of the trade receivables approximates 11 (31 March 2007 - 6) days. No allowances for impairment have been considered necessary.

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.

9 Trade and other receivables (cont'd)

The advances made to staff are for business purpose. These amounts are unsecured, interest-free and receivable on demand. The carrying value approximates the fair value of the advances.

The advances made to a director are for business purpose.

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.

10 Amounts owing by/(to) related parties

	30 June 2007 RMB	31 March 2007 RMB
Amounts owing by related parties		
- Trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	8,407,080	9,880,677
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	78,635,903	37,048,767
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	551,182	591,182
	87,594,165	47,520,626
- Non-trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	24,009,315	21,142,382
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	25,000,000	20,000,000
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	–	200,000
- Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司)	600,000	–
- China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (中核华兴达丰机械工程有限公司)	1,400,000	–
- 正兴（抚顺）实业有限公司	11,000,000	11,000,000
	62,009,315	52,342,382
	149,603,480	99,863,008

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

	30 June 2007 RMB	31 March 2007 RMB
Amounts owing to related parties		
- Trade		
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	303,186	128,626
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	29,516,460	26,332,008
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	48,513,235	23,395,443
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	18,504	–
	78,351,385	49,856,077
- Non-trade		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	4,153,580	5,392,629
- 永茂混凝土机械有限公司	26,379	26,379
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	765,800	765,800
- Dyno Engineering Pte Ltd	17,563	17,847
	4,963,322	6,202,655
Amount owing to a corporate shareholder		
- Non-trade		
- Leadpoint Pte. Ltd.	231,124	237,020
	83,545,831	56,295,752

As at 30 June 2007, the credit period for the debt outstanding by related parties is as follows:

- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	400 days
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	303 days

As at 30 June 2007, the credit period for the debt outstanding to related parties is as follows:

- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	12 days
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	312 days
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	242 days

The non-trade amounts owing by related parties refer to advances made, are unsecured, interest-free and are repayable on demand. The amount of RMB 600,000 owing by Beijing Yongmao Culture Development Co., Ltd (北京永茂文化发展有限公司) was repaid on 4 July 2007.

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

The non-trade amounts owing to a related party, Dyno Engineering Pte Ltd and a corporate shareholder, Leadpoint Pte. Ltd., represent unsecured advances, are interest-free and are repayable on demand.

The non-trade amount owing to a related party, 永茂混凝土机械有限公司 relates to payment received on behalf, is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to a related party, Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司) relates to advance payment, is unsecured, interest-free and is repayable on demand.

The non-trade amount owing to a related party, Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) is unsecured, interest-free and is repayable on demand. Included in RMB 4,153,580 (31 March 2007 - RMB 5,392,629) is a balance of RMB 3,941,660 which relates to the purchase of property, plant and equipment during the financial year ended 31 March 2007.

In addition, included in the pro forma combined balance sheet at 31 March 2007 was a balance of RMB 10,409 which related to capital contributed in excess made to Fushun Yongmao during the financial year ended 31 March 2007. This amount was settled during the financial period.

The repayment of debts for the advances made is 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
- China Nuclear Huaxing Tat Hong Machinery Engineering Co., Ltd (中核华兴达丰机械工程有限公司)	September 2007
- 正兴（抚顺）实业有限公司	September 2007

The repayment of debts for the advances received is as follows:

	Date
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	September 2007
- 永茂混凝土机械有限公司	August 2007
- Dyno Engineering Pte Ltd	September 2007
- Leadpoint Pte. Ltd.	September 2007

11 Cash and cash equivalents

	30 June 2007 RMB	31 March 2007 RMB
Cash on hand	162,969	255,458
Bank balances	25,654,634	25,040,930
	25,817,603	25,296,388

11 Cash and cash equivalents (cont'd)

Cash and cash equivalents are denominated in the following currencies:

	30 June 2007 RMB	31 March 2007 RMB
Renminbi	7,347,909	3,574,468
Singapore dollar	118,658	121,685
United States dollar	11,852,175	19,689,369
Euro dollar	6,498,861	1,910,866
	25,817,603	25,296,388

12 Share capital

	30 June 2007 RMB	31 March 2007 RMB
Paid-in capital	121,881,949	121,881,949
Shareholders		
The company		
Tat Hong Holdings Ltd	27,012,561	27,012,561
Sun Tian	93,310,010	93,310,010
Lim Kok Yong	1,091,567	1,091,567
Ying Siew Khay Terence	467,811	467,811
	121,881,949	121,881,949

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$3,325,350 (RMB 16,966,072) fully paid.

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, a transfer of 516,571 shares at the equivalent sum of RMB 3,393,214 is made by Leadpoint, the transferor, to the existing shareholders, Tat Hong (361,600 shares); and to the new proposed shareholders, Lim Kok Yong (108,480 shares) and Ying Siew Khay Terence (46,491 shares).

Tat Hong Holdings Ltd ("Tat Hong") made a loan of RMB 11,605,867 (US$1.5 million) to the company in the financial year ended 31 March 2007 to enable the company to contribute towards an increase in the registered capital of Fushun Yongmao. Such loan was unsecured, interest-free and is repayable on demand. This loan has been 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;

12 Share capital (cont'd)

On 28 December 2007, in connection with the Debt Capitalisation, 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, 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.

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 the date of lodgement of the Prospectus with the Authority.

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 the date of lodgement of the Prospectus with the Authority. 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 the date of registration of the Prospectus with the Authority, there may be upward or downward adjustments to their respective shareholdings by way of transfers between them, based on the Offer Price.

13 Statutory common reserve

	30 June 2007 RMB	31 March 2007 RMB
Balance as at beginning of year	5,611,593	–
Transfer from income statement	3,677,929	5,611,593
Balance as at end of year	9,289,522	5,611,593

According to the current PRC Company Law, the pro forma group 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.

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.

14 Merger reserve

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

15 Trade and other payables

	Note	30 June 2007 RMB	31 March 2007 RMB
Trade payables		46,745,948	30,330,264
VAT payable		2,765,916	–
Accrual of salaries and related costs		1,393,205	1,909,544
Accrued interest		–	4,607
Advances from customers		21,886,880	15,688,495
Amount owing to directors			
– Sun Tian (孙田)	(a)	1,500,000	1,500,000
– Sun Zhao Lin (孙兆林)	(b)	35,473	35,473
– Tian Ruo Nan (田若南)	(c)	–	275,160
		1,535,473	1,810,633
Other payables		127,736	161,522
		74,455,158	49,905,065

Trade and other payables are denominated in the following currencies:

	30 June 2007 RMB	31 March 2007 RMB
Renminbi	54,760,062	35,044,611
Singapore dollar	29,626	29,081
United States dollar	19,665,470	14,831,373
	74,455,158	49,905,065

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 unaudited pro forma combined balance sheet to be reasonable approximation of their fair value.

(a) The amount owing to director, Sun Tian (孙田) relates 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 is unsecured, interest-free and is repayable on demand.

(b) The amount owing to director, Sun Zhao Lin (孙兆林) relates to capital contributed in excess made to Fushun Yongmao. This amount is unsecured, interest-free and is repayable on demand.

(c) The amount owing to director, Tian Ruo Nan (田若南) related to reimbursable expenses incurred for business purposes. This amount was fully settled during the financial period ended 30 June 2007.

16 Amount owing to former immediate holding company

	30 June 2007 RMB	31 March 2007 RMB
Amount owing to immediate holding company		
- Non-trade		
- Tat Hong Holdings Ltd	–	–

The amount of US$1,500,000 owing to immediate holding company, non-trade, was unsecured, interest-free and was discharged by way of capitalisation of the said indebtedness.

Pursuant to the Loan Conversion, Tat Hong Holdings Ltd ("Tat Hong") is no longer regarded as the holding company as Sun Tian now owns 77% interest of the company whilst Tat Hong's shareholding has reduced to 21%.

17 Bank borrowings

	Note	30 June 2007 RMB	31 March 2007 RMB
Bank loans - unsecured			
- Bank of China, Fushun Branch（中国银行抚顺分行）			
Loan #1	(a)	–	13,000,000
Loan #2	(b)	–	500,000
		–	13,500,000

(i) The one-month unsecured bank loan facility #1 of RMB 13,000,000 granted to the pro forma group has been repaid on 3 April 2007.

Interest is charged at 6.2257% per annum.

(ii) The one-month unsecured bank loan facility #2 of RMB 500,000 granted to the pro forma group has been repaid on 3 April 2007.

Interest is 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

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Interest income - bank deposits	52,489	196,098
Design service fees	–	55,000
Processing fees	25,641	111,786
Miscellaneous income	138,186	185,833
	216,316	548,717

18(b) Administrative expenses

	Three months ended 30 June 2007 RMB	Financial year ended 30 June 2006 RMB
Depreciation expense	313,278	544,921
Employee benefit costs	1,128,178	5,519,530
Amortisation expense	290,100	1,160,400
Travelling expenses	411,450	968,805
Office expenses	346,906	1,689,330
Repair and maintenance	168,316	72,788
Others	372,453	1,530,513
	3,030,681	11,486,287

18(c) Distribution costs

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Depreciation expense	166,934	180,145
Employee benefit costs	118,752	608,189
Operating lease rentals	900,000	3,600,000
Sales service expenses	459,396	1,430,388
Office expenses	100,425	545,787
Research and development	574	52,312
Transportation expenses	10,731,086	27,502,708
Others	83,802	757,267
	12,560,969	34,676,796

18(d) Other operating expenses

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Exchange loss	976,766	266,194
Bank charges	106,485	276,684
Others	6,247	274,482
	1,089,498	817,360

18(e) Finance costs

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Interest expense - bank borrowings	4,735	4,607
Effective interest rate - bank borrowings	4.27%	6.23%

18(f) Employee benefit costs

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Director's remuneration		
– salaries and related costs	66,600	259,200
– defined contributions	1,800	5,130
Key management personnel		
– salaries and related costs	87,000	288,735
– defined contributions	5,126	25,467
Other than directors and key management personnel		
– salaries and related costs	3,327,250	10,630,198
– defined contributions	371,563	1,176,006
	3,859,339	12,384,736

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
As disclosed in:		
Cost of sales	2,612,409	6,257,017
Administrative expenses	1,128,178	5,519,530
Distribution costs	118,752	608,189
	3,859,339	12,384,736

19 Profit before taxation

	Note	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Profit before taxation has been arrived at after charging:			
Amortisation of intangible assets	6	290,100	1,160,400
Depreciation of property, plant and equipment	5	993,870	2,338,478
Exchange loss		976,766	266,194
Operating lease rentals		900,000	3,600,000
Property, plant and equipment written off		2,000	–

20 Taxation

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Current taxation	–	–

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

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Profit before taxation	38,602,564	59,223,501
Tax at statutory rate of 33%	12,738,846	19,543,755
Tax exemption	(12,779,002)	(19,574,338)
Tax effect on non-deductible expenses	40,156	30,583
	–	–

As mentioned in Note 1 to the unaudited pro forma combined financial statements, on 20 January 2006, Fushun Yongmao was converted to a Sino-Foreign equity joint venture following the capital injection from the company. In this regard, 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 the pro forma group, who are citizens of the PRC, are members of a state-managed retirement benefit scheme operated by the local government. The pro forma group is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the pro forma group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the unaudited pro forma combined income statement for the period, representing defined contribution national pension plan, are as follows:

Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
121,889	1,102,333

22 Commitments

Operating lease commitments (non-cancellable)

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

	30 June 2007 RMB	31 March 2007 RMB
Not later than one year	4,150,000	3,850,000
Later than one year and not later than five years	19,200,000	19,200,000
Later than five years	17,000,000	18,200,000

The lease on the pro forma 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 15 January 2006 and expires on 14 January 2016. The monthly rental payable is as follows:

	Rental per month RMB
First and second year	300,000
Third to fifth year	400,000
Subsequent years	To be agreed between parties

23 Significant related party transactions

Other than the related party information disclosed elsewhere in the unaudited pro forma combined financial statements, the following are significant related party transactions entered into between the pro forma group and its related parties:

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Sales to related parties		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	513,812	10,219,836
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	–	6,085,470
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	35,544,560	31,665,613
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	50,003	538,858
Purchases from related parties		
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	401,482	4,660,948
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	2,013,553	30,518,146
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	25,117,792	23,168,776
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	15,815	–
Property, plant and equipment purchase from related parties		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	–	3,941,660
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)	900,000	3,600,000

Related parties refer to companies with common director.

24 Financial risk management objectives and policies

The pro forma group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the pro forma group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the pro forma group employs a conservative strategy regarding its risk management. As the pro forma group's exposure to market risk is kept at a minimum level, the pro forma group has not used any derivatives or other instruments for hedging purposes. The pro forma group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2007, the pro forma group's financial instruments mainly consisted of cash and cash equivalents, receivables and payables.

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

24.1 Interest rate risk

The pro forma group's interest rate risk arises from bank borrowings. The interest rates and terms of repayment of the bank borrowings are disclosed in Note 17 to the unaudited pro forma financial statements.

24.2 Foreign currency risk

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

A 5% strengthening of the USD and Euro against the Renminbi as at 30 June 2007 would have had the following impact on the net profit by the amounts shown below.

30 June 2007	**Gain ('000)**
USD	RMB 203
30 June 2007	**Gain ('000)**
Euro	RMB 590

A 5% percent weakening of the USD and Euro against the above currency at 30 June 2007 would have the equal but opposite effect on the above currency 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 pro forma group exposure to currency risk.

24.3 Credit risk

The carrying amounts of trade receivables and other receivables represent the pro forma group's maximum exposure to credit risk in relation to its financial assets. The pro forma group has no other significant concentration of credit risk other than as at 30 June 2007, the five largest trade receivables which represents approximately 99.2% of the total trade receivables at the balance sheet date. No other financial assets carry a significant exposure to credit risk.

For sales of towercranes in the PRC, the pro forma 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 pro forma group gives credit terms of up to 60 days from the date of invoice.

For the pro forma group's overseas sales of towercranes, the pro forma 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.

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

24.3 Credit risk (cont'd)

The credit terms granted to customers are recommended by the pro forma group's sales department and approved by the pro forma group's Chief Executive Officer, Tian Ruo Nan and are determined based on the credit worthiness, payment history, transaction volume, financial background, market reputation and the existing relationship that we have with our customers.

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

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

24.5 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 pro forma group does not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

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

A 10% increase in the price of steel for the financial period ended 30 June 2007 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.

30 June 2007
RMB'000
2,043

A 10% decrease in the price of steel for the financial period ended 30 June 2007 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

25 Statement of operations by segments

The pro forma group is substantially in one business segment, namely manufacturing and sale of tower cranes, 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

	Three months ended 30 June 2007 RMB	Financial year ended 31 March 2007 RMB
Revenue		
Asia and Middle East	64,719,244	133,932,793
United States of America and Europe	56,402,061	83,255,898
PRC	37,210,829	61,067,618
	158,332,134	278,256,309

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

26 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 pro forma 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.

27 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 pro forma 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.

(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.

28 Capital management

The pro forma group's objectives when managing capital are:

(a) To safeguard the pro forma group's ability to continue as a going concern;

(b) To support the pro forma group's stability and growth; and

(c) To provide capital for the purpose of strengthening the pro forma group's risk management capability.

The pro forma 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 pro forma group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The pro forma group currently does not adopt any formal dividend policy.

29 Event after balance sheet date

Subsequent to balance sheet date, the pro forma group entered into a contract with 中国核工业华兴建设有限公司 for the construction of a new factory, with a site area of approximately 240,000 square metres on the newly acquired land, for a leasehold period of 30 years at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC (抚顺永茂工业园区).

	RMB
Cost of construction of new factory	110,000,000
Cost of the purchase of land	12,000,000
	122,000,000

Commencement date	End July 07

AUDITED FINANCIAL STATEMENTS OF FUSHUN YONGMAO CONSTRUCTION MACHINERY CO., LTD. FOR THE FINANCIAL PERIOD/YEAR ENDED 31 MARCH 2006 AND 2007

Auditors' report
to the members of Fushun Yongmao Construction Machinery Co., Ltd.

We have audited the accompanying financial statements of Fushun Yongmao Construction Machinery Co., Ltd.（抚顺永茂建筑机械有限公司）("the company"), which comprise the balance sheet as at 31 March 2006 and 2007, and the income statement, statement of changes in equity and the cash flow statement for the period/year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. These financial statements have been prepared solely for the purpose of inclusion in the Prospectus in connection with the Invitation of Yongmao Holdings Limited in respect of the issue of ● new ordinary shares.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not accept or assume responsibility to anyone or accept liability to any other person for the contents of this report.

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 directors, 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, on the basis of preparation set out in Note 2(a) to the financial statements, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2006 and 2007 and the results, changes in equity and cash flows of the company for the period/year ended on that date.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Yeo Boon Chye
Partner-in-charge

Singapore, 31 December 2007

Fushun Yongmao Construction Machinery Co., Ltd.
Financial statements for the period/year ended 31 March 2006 and 2007
(Prepared under Singapore Financial Reporting Standards)

Balance sheet 资产负债表

		Notes	**31 March 2007 RMB**	31 March 2006 RMB
Assets	**资产**			
Non-Current	**长期资产**			
Property, plant and equipment	物业, 产房及设备	5	**19,023,683**	–
Intangible assets	无形资产	6	**5,249,200**	–
Available-for-sale financial assets	长期投资	7	**23,000,000**	–
			47,272,883	–
Current	**流动资产**			
Inventories	存货	8	**56,620,743**	–
Trade and other receivables	应收及其它应收款	9	**18,624,109**	1,719,452
Amounts owing by immediate holding company	应收母公司款	10	**31,023,059**	7,582,413
Amounts owing by related parties	应收关联公司款	11	**68,839,949**	–
Amount owing by an investee company (non-trade)		7	**416,603**	–
Cash and cash equivalents	现金与现金等价物	12	**50,159,557**	9,314,074
			225,684,020	18,615,939
Total assets	**资产总计**		**272,956,903**	18,615,939
Equity	**权益**			
Capital and Reserves	**所有者权益**			
Capital contribution	实收资本	13	**95,158,680**	18,500,760
Retained profit/(accumulated loss)	未分配利润/(亏损)		**52,769,761**	(934,821)
Statutory common reserve	法定盈余公积	14	**5,611,593**	–
			153,540,034	17,565,939
Liabilities	**负债**			
Current	**流动负债**			
Trade and other payables	应付及其它应付款	15	**49,875,984**	–
Amounts owing to holding companies	应付母公司款	10	**31,853,263**	1,050,000
Amounts owing to related parties	应付关联公司款	11	**24,161,243**	–
Amount owing to a fellow subsidiary	应付兄弟公司款	16	**26,379**	–
Bank borrowings	借款	17	**13,500,000**	–
			119,416,869	1,050,000
Total equity and liabilities	**所有者权益及负债总计**		**272,956,903**	18,615,939

Director

Director

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

Fushun Yongmao Construction Machinery Co., Ltd.
Financial statements for the period/year ended 31 March 2006 and 2007
(Prepared under Singapore Financial Reporting Standards)

Income statement 利润表

		Notes	**1 April 2006 to 31 March 2007 RMB**	20 January 2006 to 31 March 2006 RMB
Revenue	主营业务收入	4	**278,256,309**	–
Cost of sales	主营业务成本		**(172,596,475)**	(8,817)
Gross profit/(loss)	毛利/(毛亏)		**105,659,834**	(8,817)
Other operating income	其它业务收入	18(a)	**548,717**	4,686
Administrative expenses	管理费用	18(b)	**(11,473,812)**	(178,118)
Distribution costs	销售费用	18(c)	**(34,676,796)**	(750,000)
Other operating expenses	其它业务费用	18(d)	**(737,161)**	(2,572)
Finance costs	利息支出	18(e)	**(4,607)**	–
Profit/(loss) before taxation	除税前利润/(亏损)	19	**59,316,175**	(934,821)
Taxation	所得税	20	**–**	–
Profit/(loss) after taxation for the year/period attributable to shareholders	本期利润/(亏损)		**59,316,175**	(934,821)

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

Fushun Yongmao Construction Machinery Co., Ltd.
Financial statements for the period/year ended 31 March 2006 and 2007
(Prepared under Singapore Financial Reporting Standards)

Statement of changes in equity 权益变动表摘要

	Note	实收资本 Capital contribution RMB	未分配(亏损)/利润 (Accumulated loss)/retained profit RMB	法定盈余公积 Statutory common reserve RMB	合计 Total RMB
Balance as at 20 January 2006		–	–	–	–
Contribution during the period	13	18,500,760	–	–	18,500,760
Net loss for the period		–	(934,821)	–	(934,821)
Balance as at 31 March 2006		**18,500,760**	**(934,821)**	**–**	**17,565,939**
Contribution during the year	13	**76,657,920**	**–**	**–**	**76,657,920**
Net profit for the year		**–**	**59,316,175**	**–**	**59,316,175**
Transfer to statutory common reserve	14	**–**	**(5,611,593)**	**5,611,593**	**–**
Balance as at 31 March 2007		**95,158,680**	**52,769,761**	**5,611,593**	**153,540,034**

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

Fushun Yongmao Construction Machinery Co., Ltd.
Financial statements for the period/year ended 31 March 2006 and 2007
(Prepared under Singapore Financial Reporting Standards)

Cash flow statement 现金流量表

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Cash Flows from Operating Activities		
Profit/(loss) before taxation	**59,316,175**	(934,821)
Adjustments for:		
Depreciation of property, plant and equipment	**2,338,478**	–
Amortisation of intangible assets	**1,160,400**	–
Interest income	**(196,098)**	(2,114)
Interest expense	**4,607**	–
Operating profit/(loss) before working capital changes	**62,623,562**	(936,935)
Increase in inventories	**(56,620,743)**	–
Increase in operating receivables	**(65,606,886)**	(1,419,452)
Increase in operating payables	**94,027,973**	750,000
Cash generated from/(used in) operating activities	**34,423,906**	(1,606,387)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	**(10,192,878)**	–
Acquisition of available-for-sale financial assets	**(23,000,000)**	–
Interest received	**196,098**	2,114
Net cash (used in)/generated from investing activities	**(32,996,780)**	2,114
Cash Flows from Financing Activities		
Capital contribution	**63,020,697**	18,500,760
Bank loans obtained	**13,500,000**	–
Advances from a director	**1,500,000**	–
Advances to related parties	**(31,200,000)**	–
Advances from a related party	**765,000**	–
Advances to immediate holding company	**(13,559,969)**	(7,582,413)
Advances from immediate holding company	**5,392,629**	–
Net cash generated from financing activities	**39,418,357**	10,918,347
Net increase in cash and cash equivalents	**40,845,483**	9,314,074
Cash and cash equivalents at beginning of year/period	**9,314,074**	–
Cash and cash equivalents at end of year/period (Note 12)	**50,159,557**	9,314,074

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

Notes to the financial statements 财务报表附注

1 General information 一般资料

The financial statements of Fushun Yongmao Construction Machinery Co., Ltd.（抚顺永茂建筑机械有限公司）are prepared for the period/year ended 31 March 2006 and 2007.

The company changed its financial year end to align its reporting period with its holding company, Yongmao Holdings Limited ("Yongmao Holdings") (formerly known as "Sunfield Investment Pte. Ltd."). Accordingly, the financial period for the financial year ended 31 March 2006 covered only 2-over month period.

The registered office and principal place of business is located at No. 3, Yuanda Road, Shuncheng District, Fushun City, Liaoning Province, People's Republic of China ("PRC"), 113126.

Pursuant to the Equity Joint Venture Contract entered on 20 October 2005, between the joint venture partners, Fushun Yongmao Engineering Machinery Co., Ltd（抚顺永茂工程机械有限公司）, Sunfield Investment Pte. Ltd. and Sun Zhao Lin（孙兆林）, the company was converted to a Sino-Foreign equity joint venture limited liability company on 20 January 2006. The company is now effectively governed by the Equity Joint Venture ("EJV") Law and EJV Law Implementation Regulations. Prior to this period, the company was incorporated as a limited liability company with a paid-in capital of RMB 5,000,000 with no assets and liabilities other than cash on hand of RMB 7,480 and amount owing by Fushun Yongmao Engineering Machinery Co., Ltd（抚顺永茂工程机械有限公司）of RMB 4,964,054. No trading operations were carried out prior to the conversion as an equity joint venture company.

As at 31 March 2007, the holding companies of the company are:

Fushun Yongmao Industry and Trade Co., Ltd.（抚顺永茂工贸发展有限公司）	–	the ultimate holding company, incorporated in the PRC
Fushun Yongmao Engineering Machinery Co., Ltd（抚顺永茂工程机械有限公司）	–	the immediate holding company, incorporated in the PRC

The principal activities of the company are those of manufacturing and sale of tower cranes and construction machinery.

On 31 October 2007, the company became a wholly-owned subsidiary of Yongmao Holdings, a company incorporated in Singapore which is regarded as the immediate and ultimate holding company of the company.

The company maintains its accounting records and prepares statutory financial statements in accordance with accounting standards and regulations of the PRC Generally Accepted Accounting Principles ("GAAP").

The financial statements have been prepared for internal management purposes in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

1 General information (cont'd) 一般资料（续）

The accounting policies and bases adopted in the preparation of the statutory financial statements differ in certain respects from FRS. The differences arising from the restatement of the results of operations and the net assets for compliance with FRS are adjusted in the financial statements but are not taken up in the accounting records of the company.

The financial statements are presented in Renminbi ("RMB"), being the currency in which the company's transactions are denominated. The financial statements have been prepared solely for inclusion in the prospectus in connection with the initial public offering of Yongmao Holdings in Singapore.

2(a) Basis of preparation 财务报表编制基础

The financial statements, expressed in RMB, are prepared in accordance with the historical cost convention in accordance with FRS, including related Interpretations promulgated by the CCDG.

The financial statements have been prepared solely to show the financial positions of the company as at 31 March 2006 and 31 March 2007 and its results for each of the period/year then ended in connection with the proposed listing of the shares of Yongmao Holdings on the Singapore Exchange Securities Trading Limited.

Accordingly, for the purpose for which these financial statements have been prepared, comparative figures which are required to be presented in general purposes financial statements are prepared in accordance with FRS.

Significant accounting estimates and judgements 主要会计估计

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 period/year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

Depreciation of property, plant and equipment 物业, 产房及设备折旧

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 5 to 20 years. The carrying amount of the company's property, plant and equipment as at 31 March 2007 are RMB 19,023,683. 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.

2(a) Basis of preparation (cont'd) 财务报表编制基础（续）

Critical judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described in Note 3 to the financial statements, management had made the following judgement that has the most significant effect on the amounts recognised in the financial statements:

Impairment of property, plant and equipment 固定资产减值准备

The company 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.

2(b) Change in accounting policies 会计政策更改

In respect of financial period/year ended 31 March 2006 and 2007, the company adopted and applied the new or revised FRS and INT FRS which became effective from 20 January 2006. This includes the following FRS and INT FRS, which are relevant to the company as a single entity:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates - Amendments relating to net investment in a foreign operation
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies

The adoption of the above FRS and INT FRS did not result in substantial changes to the company's accounting policies. There is no effect on the adoption of financial guarantees on the current financial statements.

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

FRS 1 (Amendment)	Amendments relating to capital disclosure
FRS 32	Financial Instruments: Presentation
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
FRS 108	Operating Segments
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
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 these FRS and INT FRS in future periods will have a material impact on the financial statements of the company.

3 Summary of significant accounting policies 主要会计政策汇总

Property, plant and equipment and depreciation 物业，产房及设备及其折旧

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	构筑物	20 years
Plant and machinery	机器设备	5 - 10 years
Motor vehicles	运输车辆	5 years
Electronic system and equipment	电子设备	5 - 10 years
Renovation	装修	5 years

For property, plant and equipment 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 and subsequent acquisition thereon, depreciation is computed based on the remaining useful lives of the assets as at the date of transfer.

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 period/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.

For acquisitions and disposals during the financial period/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.

Intangible assets 无形资产

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.

3 Summary of significant accounting policies (cont'd) 主要会计政策汇总（续）

Trademark and patents 商标使用权与专利权

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	商标使用权	remaining useful life of 4.8 years
Patents	专利权	remaining useful life of 7.2 years

Inventories 存货

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.

Financial assets 金融资产

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 commits 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 does not designate any financial assets at fair value through profit or loss or held-to-maturity investment.

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.

3 Summary of significant accounting policies (cont'd) 主要会计政策汇总（续）

Financial assets (cont'd) 金融资产（续）

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

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 income statement for the period.

In the case of unquoted equity shares, the company records and recognises the investment at cost less impairment loss (Note 7).

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the income statement even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement.

Impairment losses recognised in income statement for equity investments classified as available-for-sale are not subsequently reversed through income statement. Impairment losses recognised in income statement for debt instruments classified as available-for-sale are subsequently reversed in income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

The company 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 company intends to dispose of this investment to align with its restructuring exercise as mentioned in Note 7 to the financial statements.

Loans and receivables 借款及应收款

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 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 income statement.

Receivables are provided against when there is objective evidence that the company 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.

3 Summary of significant accounting policies (cont'd) 主要会计政策汇总（续）

Cash and cash equivalents 现金与现金等价物

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

Related parties 关联方

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 金融负债

The company's financial liabilities include trade and other payables and related party balances.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the 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 income statement over the year of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current liabilities in the balance sheet even though the original terms was for a year longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Borrowings to be settled within the company's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the balance sheet date, if any, are included in non-current liabilities in the balance sheet.

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.

Operating lease 经营性租赁

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 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 income statement when incurred.

3 Summary of significant accounting policies (cont'd) 主要会计政策汇总（续）

Income taxes 税项

The liability method of tax effect accounting is adopted by the company. 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 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.

Provisions 准备

Provisions are recognised when the company has 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.

Employee benefits 雇员福利

Pension obligations 养老金义务

The company participates in the defined contribution national pension and other welfare schemes as provided by the laws in the PRC. The contributions to these schemes are charged to the income statement in the period to which the contributions relate.

Employee leave entitlements 雇员年假

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

Impairment of assets 资产减值

The carrying amounts of the company'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.

3 Summary of significant accounting policies (cont'd) 主要会计政策汇总（续）

Impairment of assets (cont'd) 资产减值（续）

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.

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 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 income statement.

Revenue recognition 收入确认原则

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.

Functional currency 货币

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

Conversion of foreign currencies 外币换算

Monetary 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. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

3 Summary of significant accounting policies (cont'd) 主要会计政策汇总（续）

Financial instruments 金融资产和金融负债

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 24 to the financial statements.

Segment reporting

A segment is a distinguishable component of the company 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 period/year presented, the company has one operating segment, which is the manufacturing and sale of tower cranes, and tower crane components and accessories. The company's manufacturing activities operate predominantly in PRC. Information for geographical segment revenue is based on where the customers are located.

4 Revenue 主营业务收入

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

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Manufactured tower cranes	**232,404,598**	–
Tower crane components and accessories	**45,851,711**	–
	278,256,309	–

5 Property, plant and equipment 物业，产房及设备

	构筑物 Plant structure RMB	机器设备 Plant and machinery RMB	运输车辆 Motor vehicles RMB	电子设备 Electronic system and equipment RMB	装修 Renovation RMB	合计 Total RMB
Cost						
Balance as at 20 January 2006 and as at 31 March 2006	–	–	–	–	–	–
Acquisition by way of capital contribution	–	6,485,212	32,500	709,911	–	7,227,623
Additions	590,000	4,504,267	6,945,402	610,337	1,484,532	14,134,538
Balance as at 31 March 2007	**590,000**	**10,989,479**	**6,977,902**	**1,320,248**	**1,484,532**	**21,362,161**
Accumulated depreciation						
Balance as at 20 January 2006 and as at 31 March 2006	–	–	–	–	–	–
Depreciation for the year	6,615	1,631,165	362,494	189,750	148,454	2,338,478
Balance as at 31 March 2007	**6,615**	**1,631,165**	**362,494**	**189,750**	**148,454**	**2,338,478**
Net book value						
Balance as at 31 March 2007	**583,385**	**9,358,314**	**6,615,408**	**1,130,498**	**1,336,078**	**19,023,683**
Balance as at 31 March 2006	–	–	–	–	–	–

		2007 RMB	2006 RMB
Depreciation expense charged to:			
Cost of sales	主营业务成本	**1,613,412**	–
Administrative expenses	管理费用	**544,921**	–
Distribution costs	销售费用	**180,145**	–
		2,338,478	–

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 the company leases the leasehold land for a period of 10 years, commencing 15 January 2006 (see Note 22).

Renovation 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 company, Sun Zhao Lin（孙兆林）on a rental-free basis.

6 Intangible assets 无形资产

	商标使用权 Trademark RMB	专利权 Patents RMB	合计 Total RMB
Cost			
Balance as at 20 January 2006 and as at 31 March 2006	–	–	–
Acquisition by way of capital contribution	4,006,000	2,403,600	6,409,600
Balance as at 31 March 2007	**4,006,000**	**2,403,600**	**6,409,600**
Accumulated amortisation			
Balance as at 20 January 2006 and as at 31 March 2006	–	–	–
Amortisation for the year	828,840	331,560	1,160,400
Balance as at 31 March 2007	**828,840**	**331,560**	**1,160,400**
Net book value			
Balance as at 31 March 2007	**3,177,160**	**2,072,040**	**5,249,200**
Balance as at 31 March 2006	–	–	–

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.

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

7 Available-for-sale financial assets 长期投资

	2007 **RMB**	2006 RMB
Unquoted equity investment, at cost	**23,000,000**	–
Amount owing by an investee company (non-trade)	**416,603**	–

The 100% interest held in Fushun Engineering Machinery Manufacturing Co., Ltd ("FS Engineering") (抚顺工程机械制造有限公司) is regarded as an investment as the company does not have any participating interest in the financial or operating decision of the said company.

On 10 August 2007, the company entered into an equity interests transfer agreement with Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) pursuant to which the company sold its 100% equity interests in FS Engineering to Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) for a total cash consideration of RMB 23,000,000, being the consideration at which the company acquired the 100% equity interest in FS Engineering, pursuant to an agreement in March 2007, from an unrelated party. No gain or loss is reported upon the derecognition of the said investment.

7 Available-for-sale financial assets (cont'd) 长期投资(续)

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

The investee company is:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2007	2006	
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 evacation equipment, crane, excavator, importing, exporting engineering machines

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

	2007 RMB	2006 RMB
Assets	**56,093,831**	–
Liabilities	**41,910,789**	–
Revenue	**–**	–
Net loss	**510,975**	–

8 Inventories 存货

		2007 RMB	2006 RMB
At cost:			
Raw materials	原材料	**34,906,946**	–
Work-in-progress	半成品	**11,298,993**	–
Finished goods	库存商品	**10,414,804**	–
		56,620,743	–
Included in cost of sales are inventories charged of:	主营业务成本	**172,596,475**	–

9 Trade and other receivables 应收及其它应收款

	2007	2006
	RMB	RMB
Trade receivables	**9,738,473**	–
VAT receivables	**213,632**	5,268
Staff loans	**926,839**	–
Staff advances	**450,025**	196,426
Advances made to a director	**–**	3,000
Advances made to supplier of raw materials	**6,081,240**	993,620
Advances made to supplier of property, plant and equipment	**–**	221,138
Down-payment for property, plant and equipment	**913,900**	–
Rental deposits	**300,000**	300,000
	18,624,109	1,719,452

Trade and other receivables are denominated in the following currencies:

	2007	2006
	RMB	RMB
Renminbi	**9,099,835**	1,719,452
United States dollar	**2,085,482**	–
Euro dollar	**7,438,792**	–
	18,624,109	1,719,452

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 does 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 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. These amounts are unsecured, interest-free and receivable on demand. The carrying value approximates the fair value of the advances.

The advances made to a director are for business purpose.

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.

10 Amounts owing by/(to) holding companies 应收/(付)母公司款

	2007 RMB	2006 RMB
Amounts owing by immediate holding company		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)		
- Trade	**9,880,677**	–
- Advances	**21,142,382**	7,582,413
	31,023,059	7,582,413
Amount owing to ultimate holding company		
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)		
- Trade	**128,626**	–
Amount owing to immediate holding company		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)		
- Trade	**26,332,008**	1,050,000
- Non-trade	**5,392,629**	–
	31,724,637	1,050,000
	31,853,263	1,050,000

As at 31 March 2007, the credit period for the debt outstanding by the immediate holding company is as follows:

- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	322 days

As at 31 March 2007, the credit period for the debt outstanding to the holding companies is as follows:

- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺永茂工贸发展有限公司)	9 days
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	289 days

The advances made to immediate holding company are unsecured, interest-free and are repayable on demand. The advances were repaid in September 2007.

The non-trade amount owing to immediate holding company, Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司) is unsecured, interest-free and is repayable on demand. Included in RMB 5,392,629 is:

a) A balance of RMB 3,941,660 which relates to the purchase of property, plant and equipment during the financial year ended 31 March 2007; and

b) A balance of RMB 10,409 which relates to capital contributed in excess made to the company during the financial year ended 31 March 2007.

11 Amounts owing by/(to) related parties 应收/(付)关联公司款

	2007 RMB	2006 RMB
Amounts owing by related parties		
- Trade		
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**37,048,767**	–
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**591,182**	–
	37,639,949	–
- Non-trade		
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**20,000,000**	–
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**200,000**	–
- 正兴(抚顺)实业有限公司	**11,000,000**	–
	31,200,000	–
	68,839,949	–
Amounts owing to related parties		
- Trade		
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**23,395,443**	–
- Non-trade		
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	**765,800**	–
	24,161,243	–

As at 31 March 2007, the credit period for the debt outstanding by Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司) is as follows:

- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	212 days

As at 31 March 2007, the credit period for the debt outstanding to Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司) is as follows:

- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	151 days

The non-trade amounts owing by related parties refer to advances made, are unsecured, interest-free and are repayable on demand.

The non-trade amount owing to a related party relates to advance payment, is unsecured, interest-free and is repayable on demand.

11 Amounts owing by/(to) related parties (cont'd) 应收/(付)关联公司款 (续)

The repayment of debts for the advances made is as follows:

	Date
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

12 Cash and cash equivalents 现金与现金等价物

		2007 RMB	2006 RMB
Cash on hand	现金	**255,444**	11,163
Bank balances	银行存款	**49,904,113**	9,302,911
		50,159,557	9,314,074

Cash and cash equivalents are denominated in the following currencies:

	2007 RMB	2006 RMB
Renminbi	**28,574,468**	605,129
United States dollar	**19,674,223**	8,708,945
Euro dollar	**1,910,866**	–
	50,159,557	9,314,074

13 Capital contribution 实收资本

	2007 US$	2006 US$	**2007 RMB**	2006 RMB
Balance as at beginning of year/period	**2,300,000**	–	**18,500,760**	–
Contribution during the year by way of transferring property, plant and equipment	**902,100**	–	**7,227,623**	–
Contribution during the year by way of transferring intangible assets	**800,000**	–	**6,409,600**	–
Contribution during the year/period by way of cash	**7,997,900**	2,300,000	**63,020,697**	18,500,760
Balance as at end of year/period	**12,000,000**	2,300,000	**95,158,680**	18,500,760
Shareholders				
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	**7,200,000**	372,000	**57,026,813**	3,000,000
Sunfield Investment Pte. Ltd.	**3,600,000**	1,680,000	**28,617,340**	13,500,760
Sun Tian (孙田)	**–**	186,000	**–**	1,500,000
Sun Zhao Lin (孙兆林)	**1,200,000**	62,000	**9,514,527**	500,000
	12,000,000	2,300,000	**95,158,680**	18,500,760

13 Capital contribution (cont'd) 实收资本（续）

As at 31 March 2007, the uncalled capital contribution from the shareholders to be received by 5 December 2008 is as follows:

	US$
Shareholders	
Fushun Yongmao Engineering Machinery Co., Ltd （抚顺永茂工程机械有限公司）	10,800,000
Sunfield Investment Pte. Ltd.	5,400,000
Sun Zhao Lin（孙兆林）	1,800,000
	18,000,000

14 Statutory common reserve 法定盈余公积

	2007 RMB	2006 RMB
Balance as at beginning of year	**–**	–
Transfer from income statement	**5,611,593**	–
Balance as at end of year	**5,611,593**	–

According to the current PRC Company Law, the company 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.

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.

15 Trade and other payables 应付及其它应付款

	Note	**2007 RMB**	2006 RMB
Trade payables		**30,301,183**	–
Accrual of salaries and related costs		**1,909,544**	–
Accrued interest		**4,607**	–
Advances from customers		**15,688,495**	–
Amount owing to directors			
- Sun Tian（孙田）	(a)	**1,500,000**	–
- Sun Zhao Lin（孙兆林）	(b)	**35,473**	–
- Tian Ruo Nian（田若南）	(c)	**275,160**	–
		1,810,633	–
Other payables		**161,522**	–
		49,875,984	–

15 Trade and other payables (cont'd) 应付及其它应付款（续）

Trade and other payables are denominated in the following currencies:

	2007	2006
	RMB	RMB
Renminbi	**35,044,611**	–
United States dollar	**14,831,373**	–
	49,875,984	–

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.

(a) The amount owing to director, Sun Tian（孙田）relates to advances received from the disposal of shares in the capital of the company belonging to Sun Tian（孙田）for a sum of RMB 1,500,000 (US$186,000). This amount owing is unsecured, interest-free and is repayable on demand.

(b) The amount owing to director, Sun Zhao Lin（孙兆林）relates to capital contributed in excess made to the company. This amount is unsecured, interest-free and is repayable on demand.

(c) The amount owing to director, Tian Ruo Nian（田若南）relates to reimbursable expenses incurred for business purposes.

16 Amount owing to a fellow subsidiary 应付兄弟公司款

	2007	2006
	RMB	RMB
Amount owing to a fellow subsidiary		
- Non-trade		
永茂混凝土机械有限公司	**26,379**	–

The amount owing to a fellow subsidiary relates to payment received on behalf, is unsecured, interest-free and is repayable on demand.

17 Bank borrowings 借款

	Note	**2007 RMB**	2006 RMB
Bank loans - unsecured			
- Bank of China, Fushun Branch (中国银行抚顺分行)			
Loan #1	(a)	**13,000,000**	–
Loan #2	(b)	**500,000**	–
		13,500,000	–

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

Interest is charged at 6.2257% per annum.

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

Interest is charged at 6.2937% per annum.

These bank loans are 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 其它业务收入

		1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Interest income - bank deposits	利息收入	**196,098**	2,114
Processing fees	加工费	**111,786**	–
Design service fees	设计服务费	**55,000**	–
Exchange gain	汇兑利润	**–**	2,572
Miscellaneous income	其他	**185,833**	–
		548,717	4,686

18(b) Administrative expenses 管理费用

		1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Depreciation expense	折旧	**544,921**	–
Employee benefit costs	雇员福利费	**5,519,530**	–
Amortisation expense	摊消	**1,160,400**	–
Travelling expenses	差旅费	**968,805**	–
Office expenses	办公费	**1,689,330**	–
Repair and maintenance	维修	**72,788**	–
Others	其他	**1,518,038**	178,118
		11,473,812	178,118

18(c) Distribution costs 销售费用

		1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Depreciation expense	折旧	**180,145**	–
Employee benefit costs	雇员福利费	**608,189**	–
Operating lease rentals	土地租赁费	**3,600,000**	750,000
Sales service expenses	销售服务费	**1,430,388**	–
Office expenses	办公费	**545,787**	–
Research and development	技术开发费	**52,312**	–
Transportation expenses	运费	**27,502,708**	–
Others	其他	**757,267**	–
		34,676,796	750,000

18(d) Other operating expenses 其它业务费用

		1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Exchange loss	汇兑损益	**186,496**	–
Bank charges	手续费	**276,183**	–
Others	其他	**274,482**	2,572
		737,161	2,572

18(e) Finance costs 利息支出

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Interest expense - bank borrowings	**4,607**	–
Effective interest rate - bank borrowings	**6.23%**	–

18(f) Employee benefit costs 雇员福利费

		1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Director's remuneration	董事酬报		
- salaries and related costs	薪金和相关成本	**259,200**	–
- defined contributions	公益金	**5,130**	–
Key management personnel	主要雇员		
- salaries and related costs	薪金和相关成本	**288,735**	–
- defined contributions	公益金	**25,467**	–
Other than directors and key management personnel	职工费		
- salaries and related costs	薪金和相关成本	**10,630,198**	–
- defined contributions	公益金	**1,176,006**	–
		12,384,736	–
As disclosed in:			
Cost of sales	主营业务成本	**6,257,017**	–
Administrative expenses	管理费用	**5,519,530**	–
Distribution costs	销售费用	**608,189**	–
		12,384,736	–

19 Profit/(loss) before taxation 除税前利润/(亏损)

	Note	**1 April 2006 to 31 March 2007 RMB**	20 January 2006 to 31 March 2006 RMB
Profit/(loss) before taxation has been arrived at			
after charging:			
Amortisation of intangible assets	6	**1,160,400**	–
Depreciation of property, plant and equipment	5	**2,338,478**	–
Exchange loss		**186,496**	–
Operating lease rentals		**3,600,000**	750,000
and crediting:			
Exchange gain		**–**	2,572

20 Taxation 所得税

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Current taxation	–	–

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

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Profit/(loss) before taxation	**59,316,175**	(934,821)
Tax at statutory rate of 33%	**19,574,338**	(308,491)
Tax exemption	**(19,574,338)**	–
Tax effect on non-deductible expenses	–	308,491
	–	–

As mentioned in Note 1 to the financial statements, on 20 January 2006, the company was converted to a Sino-Foreign equity joint venture following the capital injection from Sunfield Investment Pte. Ltd., a company incorporated in the Republic of Singapore. In this regard, 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 company has been granted such incentive with effect from 13 July 2006.

21 Retirement benefit plans 退休福利计划

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

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

1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
1,102,333	–

22 Commitments 承诺

Operating lease commitments (non-cancellable) 营业租凭承诺

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

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Not later than one year	**3,850,000**	3,600,000
Later than one year and not later than five years	**19,200,000**	18,250,000
Later than five years	**18,200,000**	23,000,000

The lease on the company'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 15 January 2006 and expires on 14 January 2016. The monthly rental payable is as follows:

	Rental per month RMB
First and second year	300,000
Third to fifth year	400,000
Subsequent years	To be agreed between parties

23 Significant related party transactions 关联方交易

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into between the company and its related parties:

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Sales to immediate holding company		
- Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	**10,291,836**	–
Sales to related parties		
- Shanghai Tat Hong Equipment Rental Co., Ltd (上海达丰机械租凭有限公司)	**6,085,470**	–
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司)	**31,665,613**	–
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**538,858**	–

23 Significant related party transactions (cont'd) 关联方交易（续）

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Purchases from ultimate holding company		
- Fushun Yongmao Industry and Trade Co., Ltd. （抚顺永茂工贸发展有限公司）	**4,660,948**	–
Purchases from immediate holding company		
- Fushun Yongmao Engineering Machinery Co., Ltd （抚顺永茂工程机械有限公司）	**30,518,146**	–
Purchases from related parties		
- Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd （北京永茂建工机械有限公司）	**23,168,776**	–
Property, plant and equipment purchase from immediate holding company		
- Fushun Yongmao Engineering Machinery Co., Ltd （抚顺永茂工程机械有限公司）	**3,941,660**	–
Rental fee charged by immediate holding company		
- Fushun Yongmao Engineering Machinery Co., Ltd （抚顺永茂工程机械有限公司）	**3,600,000**	750,000

Related parties refer to companies with common director.

24 Financial risk management objectives and policies 财政风险管理政策

The company's financial instruments carried on the balance sheet include cash and cash equivalents, receivables and payables.

The company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

24.1 Currency risk 外币资金风险

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

The company operates and sells its products in several countries other than PRC and transacts in foreign currencies. As a result, the company is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States dollar and Euro dollar. However, the company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

24 Financial risk management objectives and policies (cont'd) 财政风险管理政策（续）

24.2 Cash flow and fair value interest rate risk 现金流动及利率风险

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 company's exposure to interest rate risk relates principally to its short-term deposits placed with financial institutions.

24.3 Credit risk 信用风险

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.

Management has a credit control policy in place. Credit evaluations are performed on all customers requiring credit over a certain amount. Transactions are conducted with customers with appropriate credit histories. The credit risk and amount outstanding is monitored on an ongoing basis. With these credit evaluation processes, credit control policies and collection procedures in place, the credit risk is mitigated substantially. The company does not require collateral in respect of financial assets.

The company performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts, if any, is based upon a review of the expected collectibility of all trade and other receivables.

24.4 Liquidity risk 流动性风险

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

25 Statement of operations by segments

The company 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

	1 April 2006 to 31 March 2007 RMB	20 January 2006 to 31 March 2006 RMB
Revenue		
Asia and Middle East	**133,932,793**	–
United States of America and Europe	**83,255,898**	–
PRC	**61,067,618**	–
	278,256,309	–

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

26 Financial instruments 金融资产和金融负债

Fair values 公允价值

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 company 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.

27 Events after balance sheet date

27.1 Subsequent to balance sheet date, the company entered into a contract with 中国核工业华兴建设有限公司 for the construction of a new factory, with a site area of approximately 240,000 square metres on the newly acquired land, for a leasehold period of 30 years at Fushun Machinery Manufacturing Park, Qiandian Town, Shuncheng District, Fushun City, Liaoning Province, PRC (抚顺永茂工业园区).

	RMB
Cost of construction of new factory	**110,000,000**
Cost of the purchase of land	**12,000,000**
	122,000,000
Commencement date	**End July 07**

27.2 On 18 July 2007, the company declared dividends of RMB 25,000,000 in respect of the current financial year.

OPINION OF THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE SHAREHOLDERS' MANDATE

31 December 2007

The Independent Directors of Yongmao Holdings Limited

Dear Sirs:

THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

Yongmao Holdings Limited (the "**Company**") is deemed to have obtained shareholders' approval for the adoption of a general mandate for the Company, its subsidiary and/or its associated company which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "**Group**"), or any member of the Group (the "**Shareholders' Mandate**"), to enter into certain categories of transactions (the "**Interested Person Transactions**") with specified classes of interested persons (the "**Interested Persons**") through the inclusion of the Shareholders' Mandate in the prospectus to be registered with the Monetary Authority of Singapore (the "**Prospectus**") and the subscription or acquisition of shares in the Company by investors in the Offer (as defined in the Prospectus). This letter has been prepared for the use of the Directors of the Company who are considered independent (the "**Independent Directors**") for the purposes of the proposed adoption of the Shareholders' Mandate and is to be incorporated into the prospectus dated 31 December 2007 (the **"Prospectus**") which provides, *inter alia*, the details of the Shareholders' Mandate and the recommendation of the Independent Directors thereon. Unless otherwise defined, all terms in the Prospectus have the same meaning in this letter.

To comply with the requirements of Chapter 9 of the Listing Manual, Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") has been appointed as the independent financial adviser to provide an opinion on whether the review procedures set out in the Shareholders' Mandate as described in the section "Guidelines and Review Procedures for Interested Person Transactions" of the Prospectus, for determining the transaction prices of the Interested Person Transactions 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 Company and the minority shareholders of the Company (the "**Minority Shareholders**").

2. TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the review procedures set out in the Shareholders' Mandate for determining the transaction prices of the Interested Person Transactions 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 Company and the Minority Shareholders.

EYCF's views as set forth in this letter are based on the prevailing market and economic conditions, and our analysis of the information provided in the Prospectus as well as information provided to us by the Company, as of the Latest Practicable Date. Accordingly, this opinion shall not take into account any event or condition which occur after the Latest Practicable Date.

EYCF is not and was not involved in any aspect of the discussions on the scope of the Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision by the Directors to obtain the Shareholders' Mandate or the review procedures adopted by the Company for determining the transaction prices of the Interested Person Transactions. In the course of our evaluation of the review procedures proposed in connection with the Shareholders' Mandate, we have held discussions with the Directors and management of the Company. We have not independently verified information furnished by the Directors and management of the Company or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors have confirmed to us that to the best of their knowledge and belief, the information provided to us (whether written or verbal) as well as the information contained in the Prospectus constitutes a full and true disclosure, in all material respects, of all material facts relating to the Shareholders' Mandate and there is no material information the omission of which would make any of the information contained herein or in the Prospectus inaccurate, incomplete or misleading in any material respect.

We have also made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Prospectus have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Company or the transactions described on the Prospectus.

Our opinion is addressed to the Independent Directors for their benefit and deliberation on the Shareholders' Mandate. The recommendations made to the Shareholders in relation to the Shareholders' Mandate shall remain the responsibility of the Independent Directors. In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

3. EVALUATION OF THE PROPOSED REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

3.1 Rationale for and Benefits of the Shareholders' Mandate

The full text of the Directors' rationale for, and the benefits of adopting, the Shareholders' Mandate can be found in the section "Interested Person Transactions" of the Prospectus under the sub-section entitled "Rationale for and Benefits of the Shareholders' Mandate".

We note, *inter alia*, the following:-

(i) 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;

(ii) the Interested Person Transactions are entered into or, are to be entered into, by the 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; and

(iii) the Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons after the listing of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Disclosure will be made where required under the prevailing listing rules, in the Company's annual report and financial results on the aggregate value of Interested Persons 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.

3.2 Interested Person Transactions

The classes of Interested Persons and categories of Interested Person Transactions which will be covered by the Shareholders' Mandate are set out below:-

3.2.1 Classes of Interested Persons

The Shareholders' Mandate will apply to transactions between the Group and the following:

(i) Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian (the "**Sun Family Members**") and their associates (other than the 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

(ii) Tat Hong Holdings Ltd ("**Tat Hong**"), its subsidiaries and associated companies (together, 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 provision of the Listing Manual.

3.2.2 Categories of Interested Person Transactions

The Shareholders' Mandate will cover the following transactions:

(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 transactions under the manufacturing agreement between Fushun Yongmao Construction Machinery Co., Ltd and Beijian (the "**Beijian Manufacturing Agreement**"), pursuant to which Beijian manufactures towercranes for the Group.

We note that the Shareholders' Mandate will not cover any Interested Person Transactions that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

The details of the above Interested Person Transactions are set out in the section "Interested Person Transactions" of the Prospectus.

3.3 Guidelines and Review Procedures for Interested Person Transactions

The detailed text of the review procedures for the Interested Person Transactions can be found in the section "Guidelines and Review Procedures for Interested Person Transactions" of the Prospectus.

We note, *inter alia*, the following procedures established by the Group:-

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.

The Company shall monitor transactions with the Interested Persons entered into by the 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 the 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 the Group will be reviewed and approved by at least one member of the 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 the 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. 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 the Audit Committee their findings, to facilitate the 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 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 the 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.

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, the 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 the Chief Executive Office, 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.

We also note that the Audit Committee will review transactions with interested persons quarterly with a view to ensuring that the prevailing rules of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. The Audit Committee and the 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.

4. CONCLUSION

In arriving at our opinion on whether the guidelines and review procedures for determining the transaction prices of the Interested Person Transactions for purposes of the Shareholders' Mandate, as set out in the section "Shareholders' Mandate for Interested Person Transactions" of the Prospectus, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders, we have considered the following:

(i) the Directors' rationale for, and the benefits accruing to the Group arising from, the Shareholders' Mandate;

(ii) the classes of Interested Persons and categories of the Interested Person Transactions to be covered by the Shareholders' Mandate; and

(iii) the guidelines and review procedures for the Interested Person Transactions.

Based on the analysis undertaken and subject to the qualifications and assumptions made herein, EYCF is of the opinion that the current guidelines and review procedures for determining the transactions prices of the Interested Person Transactions, as set out in the section "Guidelines and Review Procedures for Interested Person Transactions" of the Prospectus, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders.

We have prepared this letter for the use of the Independent Directors of the Company in connection with and for the purposes of their consideration of the Shareholders' Mandate. A copy of the letter may be reproduced in the Prospectus.

Whilst a copy of this letter may be reproduced in the Prospectus, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of EYCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Angela Ee
Director

SUMMARY OF THE CONSTITUTION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Articles. Where portions of our Articles are reproduced below, defined terms bear the meanings ascribed to them in our Articles.

The instruments that constitute and define our Company are the Memorandum and Articles of Association of our Company.

1. Memorandum of Association and Registration Number

The registration number with which our Company was incorporated is 200510649K. Our Memorandum of Association states that the liability of our Shareholders is limited. Our Memorandum of Association does not specifically set out the objects for which our Company was formed. Under the Companies Act, it is provided, *inter alia*, that a company incorporated in Singapore has, subject to its memorandum or articles of association and to any written law, full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and for such purposes, full rights, powers and privileges.

2. Directors

(a) Power of Directors to vote on a proposal, arrangement or contract in which he is interested

Power of Directors to hold office of profit and to contract with Company

112(1) Other than the office of auditor, a Director may hold any other office or place of profit in the Company and he or any firm of which he is a member or any company of which he is a director or shareholder may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Act, no Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company whether as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise howsoever nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested whether directly or indirectly be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. Provided Always That he has complied with the requirements of Section 156 of the Act as to disclosure.

Directors to observe Section 156 of the Act

112(2) Every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Notwithstanding such disclosure, a Director shall not

vote in regard to any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest although he shall be taken into account in ascertaining whether a quorum is present.

112(3) The provisions of Article 112(2) may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this Article may be ratified by ordinary resolution of the Company, or as otherwise provided in these Articles.

113(1) A Director may be or become a director of or hold any office or place of profit (other than as auditor) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a director or officer of or by virtue of his interest in such other company.

Holding of office in other companies

113(2) Subject always to Article 112(2), the Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

Directors may exercise voting power conferred by Company's shares in another company

(b) Remuneration

109(1) The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Fees for Directors

109(2) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may, subject to Section 169 of the Act, be paid such extra remuneration as the Directors may determine.

Extra remuneration

109(3) Notwithstanding any other Article herein, the remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by a

Remuneration by fixed sum

commission on or a percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

110 The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Reimbursement of expenses

111 The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

Benefits for employees

124 A Chief Executive Officer (or any person holding an equivalent appointment) shall, subject to Section 169 of the Act and to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profit, or partly in one way and partly in another) as the Directors may determine; but he shall not under any circumstance be remunerated by a commission on a percentage of turnover.

Remuneration of Chief Executive Officer

139 An Alternate Director shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

Remuneration

There are no specific provisions in our Company's Articles of Association in respect of a Director's power to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at a meeting of our Board of Directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

(c) Borrowing

128 The Directors may at their discretion exercise every borrowing power vested in the Company by its Memorandum of Association or permitted by law and may borrow or raise money from time to time for the purpose of the Company and secure the payment of such sums by mortgage, charge or hypothecation of or upon all or any of the property or assets of the Company including any uncalled or called but unpaid capital or by the issue of debentures or otherwise as they may think fit.

Power to borrow

Article 128, like any other provision in our Company's Articles of Association, may be amended by a special resolution of our shareholders.

(d) Retirement Age Limit and Shareholding Qualification

115 Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated on any one of the following events:

(i) Subject to the provisions of the Act at the conclusion of the annual general meeting commencing next after he attains the age of seventy (70) years.

Director to resign

108 A Director need not be a Member and shall not be required to hold any share of the Company.

Qualifications

141 An Alternate Director shall not be required to hold any share of the Company by way of qualification.

Alternate Director need not hold share qualification

3. Material Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares.

(a) Dividends and Distribution

163 Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Act:

Apportionment of dividends

(a) all dividends in respect of shares shall be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

For the purposes of this Article, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.

164 The Directors may before recommending any dividend set aside out of the profits of the Company such sum or sums as they think proper as a reserve fund which shall at the discretion of the Directors be applicable for meeting contingencies, for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining any works connected with the business of the Company or shall be as to the whole or in part applicable for special dividends or for equalising dividends or for distribution by way of special dividend or bonus on such terms and in such manner as the Directors shall from time to time determine and the Directors may divide the reserve fund into separate funds for special purposes and may invest the sums from time to time carried to the credit of such fund or funds upon such securities (other than the share) as they may select. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

Power to set aside profits as reserve

165 The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. The Directors may, if they think fit, and if in their opinion the position of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay an interim dividend, or pay any preferential dividend on shares issued upon the terms that the preferential dividends thereon shall be payable on fixed dates.

Declaration and payment of dividends

Interim dividends

166 With the sanction of a general meeting, dividends may be paid wholly or in part in specie, and may be satisfied in whole or in part by the distribution amongst the Members in accordance with their rights of fully paid shares, stock or debentures of any other company, or of any other property suitable for distribution as aforesaid. The Directors shall have full liberty to make all such valuations, adjustments and arrangements, and to issue all such certificates or documents of title as in their opinion may be necessary or expedient including with a view to facilitating the equitable distribution amongst the Members of the dividends or portions of dividends to be satisfied or to give them the benefit of their proper shares and interests in the property, and no valuation, adjustment or arrangement so made shall be questioned by any Member.

Payment of dividends in specie

168 No Member shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

No right to dividends where calls outstanding

169 The Directors may deduct from any dividend or other moneys payable to a Member in respect of any share held by such Member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities

Deduction from debts due to Company

or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other amount which the Company is required by law to deduct.

171 The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares subject to lien

173 Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct. Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any further liability in respect of that payment. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Dividend paid by cheque or warrant

174 The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

Unclaimed dividends

201 If the Company shall be wound up, the liquidator may, with the sanction of a special resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any

Distribution of assets in specie

one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but so that if any division is resolved on otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 306 of the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.

(b) Rights, Preferences and Restrictions

9(1) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of the winding up of the Company or where the resolution to be submitted to the meeting varies their rights or when the dividend on the preference shares is more than six (6) months in arrears.

Rights attached to preference shares

9(2) The Company has the power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Issue of further preference shares

10 If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class (but not otherwise) and to every such special resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply.

Variation of rights of shares

Provided Always That:

(a) the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting; and

(b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

11 The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned Provided Always That where the necessary majority for such a special resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Variation of rights of preference shareholders

23 Subject to the restrictions of these Articles any Member may transfer all or any of his shares, but every instrument of transfer must be in writing and in the usual common form, or in any other form which the Directors and the Exchange may approve, and must be left at the Office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares.

Form of transfer

25 The instrument of transfer of a share shall be signed both by the transferor and the transferee and if required by the Directors shall be witnessed, Provided That an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof; Provided Always That the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do.

Transferor and transferee to execute transfer

27 No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.

Person under disability

29(1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.

Directors' power to decline to register

29(2) The Directors may decline to recognise any instrument of transfer of shares unless:

Payment of fee and deposit of transfer

(a) a fee not exceeding S$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares may be listed) as the Director may from time to time require, is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or such other place as the Directors may appoint and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

31 The Register of Members may be closed at such times and for such period as the Directors may from time to time determine; Provided Always That it shall not be closed for more than thirty (30) days in any year or such other period as may be prescribed by law and during such periods the Directors may suspend the registration of transfers. Further Provided Always That the Company shall give prior notice of such closure as may be required to the Exchange (as may be required by the listing rules of the Exchange) stating the period and purpose or purposes for which the closure is made.

Closure of Register of Members

32 Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Renunciation of allotment

33 Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Indemnity against wrongful transfer

39 The Directors may from time to time, as they think fit, make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of the issue and allotment thereof made payable at fixed times; and each Member shall (subject to his having been given at least fourteen (14) days' notice specifying the time or times and place

Directors may make calls on shares

of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine.

40 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

Time when new call made

41 If before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at such rate not exceeding ten per cent (10%) per annum as the Directors may determine from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to procure payment of or in consequence of the non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part.

Interest and other late payment costs

42 Any sum which by the terms of issue of a share is made payable upon allotment or at any fixed date and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment and, in the case of non-payment, the provisions of these Articles as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Statutes or of these Articles shall apply as if such sum were a call duly made and notified as hereby provided.

Sum due on allotment or other fixed date

43 The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the time of payment of such calls.

Power of Directors to differentiate

(c) General Meetings

72 The Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next. The annual general meeting shall be held at such time and place as the Directors shall appoint.

Annual general meetings

73 All general meetings other than annual general meetings shall be called extraordinary general meetings.

Extraordinary general meetings

74 The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition or in default may be convened by such requisitionist as provided for by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of action to form a quorum at a meeting of Directors, any Director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be convened by the Directors.

Calling for extraordinary general meetings

76 Any general meeting at which it is proposed to pass special resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by at least twenty-one (21) clear days' notice in writing and an annual general meeting or any other general meeting by at least fourteen (14) clear days' notice in writing. The notice must specify the place, the day and the hour of meeting, and in the case of special business the general nature of such business, shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notices of general meetings from the Company, but with the consent of all persons for the time being entitled as aforesaid, a meeting may be convened in such manner as such persons may approve. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

Length of notice

Contents of notice

Provided That a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

Shorter notice

(a) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act.

Provided also that the accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at the meeting.

Accidental omission

So long as the shares of the Company are listed on the Exchange, at least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each stock exchange upon which the Company is listed Provided That the accidental omission to give any such notice shall not invalidate the proceedings at the meeting.

79 All business shall be deemed special that is transacted at an extraordinary general meeting and also all that is transacted at an annual general meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditor of the Company, the election of Directors in place of those retiring by rotation or otherwise, the fixing of the fees of Directors, the declaration of dividends, and the appointment of and the fixing of the remuneration of the Auditor of the Company, which shall be deemed routine business. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

All business deemed special business

80 In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

Notice to specify nature of special business

81 No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purposes of this Article, 'Member' includes a person attending as a proxy and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Act. Provided That (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

Quorum

82 If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

Adjournment if quorum not present

83 The Chairman of the Board or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting, but if there be no such Chairman or Deputy Chairman, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.

Chairman

84 The Chairman of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place (or *sine die*), but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

Adjournment by chairman

94(1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Voting rights of Members

94(2) On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote Provided That if a Member is represented by two proxies, without prejudice to specific terms of Article 99 only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents.

94(3) Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before that general meeting (the 'cut-off time') as a Depositor on whose behalf the Depository holds shares. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

95 If any Member be a lunatic, idiot or *non compos mentis* he may vote by his committee, *curator bonis* or other legal curator and such last mentioned persons may give their votes by proxy, but no person claiming to vote pursuant to this Article shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than forty-eight (48) hours before the time for holding the meeting at which he wishes to vote.

Voting rights of Members of unsound mind

96 If two (2) or more persons are jointly entitled to a share then in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be determined by the

Voting rights of joint holders

order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof. For the purposes of quorum, joint holders of any share or joint Depositors shall be treated as one (1) Member.

97 Save as herein expressly provided and the provisions of the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting.

Right to vote

85 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, subject to Article 89, a poll is (before or on the declaration of the result of the show of hands) demanded:

Method of voting

(a) by the Chairman of the meeting; or

(b) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(c) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or

(d) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares being not less than ten per cent (10%) of the total number of paid-up shares of the Company (excluding treasury shares).

Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

86 In the case of an equality of votes whether on a show of hands or on a poll as aforesaid, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a Member or as a proxy of a Member.

Equality of votes

87 If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.

Time for taking a poll

89 The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Continuance of business

91 Subject to the provisions of the Act, a resolution in writing signed by every Member entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members. The expressions 'in writing' and 'signed' include approval by telefax, telex, cable or telegram by any such Member.

Resolutions in writing

92 If at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the vote unless it be pointed out at the same meeting, and be in the opinion of the Chairman of sufficient magnitude to vitiate the result of the voting.

Error in counting votes

4. Change in capital

67(1) The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution may prescribe.

Power to increase capital

66 Subject to any special rights for the time being attached to any existing class of shares, any new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine, and in particular, such new shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or restricted right of voting.

Rights and privileges of new shares

67(2) Subject to any direction to the contrary that may be given by the Company in general meeting including by way of general authority or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to such Members as are entitled to receive notices from the Company of general meetings as at such date as the Directors may determine, in proportion, to the extent the Directors consider practicable, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation

Issue of new shares

from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think fit. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

For the purposes of the above, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the resolution, to make or grant offers, agreements or options that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares.

68 Notwithstanding Article 67 above or any other Articles but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

Capital raised deemed original capital

69 Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association of the Company or these Articles, any capital raised by the creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Power to consolidate, cancel and sub-divide shares

70(1) The Company may by ordinary resolution:

(a) consolidate and divide all or any of its shares; or

(b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

(c) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares; or

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the amount of the shares so cancelled.

70(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire any shares including preference shares, stocks, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit. If required by the Act, all shares purchased or otherwise acquired by the Company shall, unless held in treasury in accordance with the provisions of the Act, be deemed to be cancelled immediately on purchase or acquisition. On cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share).

Power to purchase or acquire shares and other securities

71 The Company may reduce its share capital or any undistributable reserve in any manner, subject to any requirements and consents required by law. Without prejudice to the foregoing, upon cancellation of shares purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

Reduction of share capital

176 The Company in general meeting may, upon the recommendation of the Directors, by ordinary resolution (including any ordinary resolution conferring general authority passed pursuant to Article 67(2)):

Power to capitalise profits

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution conferring general authority passed pursuant to Article 67(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution to the persons registered as

holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution conferring general authority passed pursuant to Article 67(2)) such other date as may be determined by the Directors

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up and amongst them as bonus shares in the proportion aforesaid.

Power to capitalise profits in paying up in full new shares under share incentive or option schemes of the Company

178 In addition and without prejudice to the powers provided for by Articles 176 and 177 above, the Directors shall have the power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting in such manner and on such terms as the Directors shall think fit.

5. Limitations on shareholders regarded as non-residents of Singapore to hold or exercise voting rights on our Shares

Save as described in the sub-sections "Voting Rights" and "Takeovers" in Appendix G to this Prospectus, there are no limitations imposed by Singapore law or by the Articles of Association of our Company on the rights of non-resident or foreign Shareholders to hold our Shares or to exercise voting rights in respect of our Shares.

DESCRIPTION OF OUR SHARES

The statements below are brief summaries about our share capital, certain provisions of our Articles and the laws of Singapore relating to our Shares. These statements are only a summary and are qualified in their entirety by reference to Singapore law, the Singapore Code on Take-overs and Mergers and our Articles.

Ordinary Shares

As at the Latest Practicable Date, we have only one class of shares, namely, our ordinary shares, which have identical rights in all respects and rank equally with one another. Our Articles provide that we may issue shares of a different class with preferential, qualified or deferred right to dividends and in the distribution of assets of our Company and with special or restricted rights of voting, privileges or conditions as our Board may determine and may issue preference shares which are, or at our option are, liable to be redeemed, subject to certain limitations.

As of the date of this Prospectus, 332,200,000 ordinary shares are issued and paid-up. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our own Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of shares to be issued pursuant to such approval shall be subject to such limitations as may be prescribed by the SGX-ST. Unless revoked or varied in general meeting, the approval, if granted, will lapse at the conclusion of the annual general meeting ("**AGM**") following the date on which the approval was granted, or the expiration of the period within which the next AGM after that date is required by law to be held, whichever is the earlier. All new Shares shall, subject *inter alia* to any direction to the contrary that may be given by our Company in general meeting, before issue be offered to such Shareholders as are entitled to receive notices from our Company of general meetings as at such date as our Directors may determine, in proportion, to the extent our Directors consider practicable, to the number of the existing Shares to which they are entitled to hold.

Subject to the foregoing, the provisions of the listing rules of the SGX-ST, the Companies Act and any special rights attached to any class of shares currently issued, the allotment and issue of all new Shares is under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit, and our Shareholders are not entitled to pre-emptive purchase rights under our Articles.

Shareholders

Only persons who are registered in our register of members and, in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for our Shares, are recognised as our Shareholders.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights in respect of any Share other than the absolute right thereto of the registered holder of the Share or of the person whose name is entered in the depository register maintained by CDP for that Share. We may close our register of members from time to time if we provide the SGX-ST at least 10 clear Market Days' notice. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year.

Transfer of Shares

Save as disclosed in this Prospectus, there is no restriction on the transfer of our fully paid-up Shares except where required by law or the listing rules or bye-laws of any stock exchange on which we are listed or as provided in our Articles. Our Board may decline to register any transfer of Shares which are not fully paid-up Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form acceptable to our Board and the SGX-ST. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A shareholder may transfer any shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for our Shares if we are properly notified and if the applicant pays a fee which will not exceed S$2.00 and furnishes such evidence and indemnity that our Board may require.

General Meetings of Shareholders

We are required to hold an AGM every year. Our Board may convene an EGM whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of our issued share capital may call a meeting of our Company.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including the voluntary winding up of our Company, amendments to our Memorandum of Association and Articles of Association, a change of our corporate name and a reduction in our share capital. We must give at least 21days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14days' notice in writing. The notice must be given to every Shareholder who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of our Shares and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles:

- on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman) shall be entitled to vote on a show of hands); and

- on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including but not limited to, by the chairman of the meeting, by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to vote at the meeting, and by any two Shareholders present in person or by proxy and being entitled to vote.

In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

Our Directors may, with the sanction of the Shareholders by ordinary resolution, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders. Any dividend we pay must be paid out of our profits. All dividends are paid pro rata among our Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends may be paid by cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the depository register. Our payment to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board may, with approval from our Shareholders at a general meeting, capitalise any reserves or profits (including profit or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

The Singapore Code on Take-overs and Mergers regulates the acquisition of voting shares of, *inter alia*, public listed companies (including any acquisition of control indirectly) and contains certain provisions that may delay, deter or prevent a take-over or change in control of our Company. Any person, whether by a series of transactions over a period of time or not, acquiring, either on his own or together with parties acting in concert with him, 30.0% or more of the voting shares in our Company or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting shares in our Company, and acquires additional voting shares representing more than 1% of our voting shares in any six-month period, is normally required to extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. Parties acting in concert comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

(i) a company and its related and associated companies and companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned for the purchase of voting rights;

(ii) a company with any of its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its clients in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vi) directors of a company (together with their close relatives, related trusts and companies controlled by any such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance with his instructions, companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned for the purchase of voting rights.

Subject to certain exceptions, a take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months (in the case of a mandatory takeover offer).

An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company then existing.

Indemnity

Our Articles provide that, subject to the Companies Act, our directors and officers shall be entitled to be indemnified by us against any costs, charges, losses, expenses and liabilities incurred in the execution and discharge of their duties or in relation to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of our Company and in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 391 of the Companies Act in which relief is granted to him by the court.

We may not indemnify our directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

However, we may purchase and maintain for our directors and officers insurance against any such liability.

Substantial Shareholders

The Companies Act and the Securities and Futures Act require our Substantial Shareholders to give notice to us and the SGX-ST respectively, including particulars of their interest and the circumstances by which they have acquired such interest, within two business days of their becoming our Substantial Shareholders, of any change in the percentage level (as defined in the Companies Act) of their interest and of their ceasing to be our Substantial Shareholders.

Under the Companies Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more of the voting shares in our Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares in our Company.

Minority Rights

As we are a Singapore-incorporated company, the rights of our minority Shareholders are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the relief they may grant and those reliefs are in no way limited to those listed in the Companies Act itself.

Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;

- regulate the conduct of our affairs in the future;

- authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;

- provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by our Company and, in the case of a purchase of Shares by our Company, a corresponding reduction of our Company's share capital; or

- provide that our Company be wound up.

TAXATION IN SINGAPORE

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to acquire our Shares.

Prospective investors should consult their tax advisers regarding Singapore tax and other tax consequences of owning and disposing our Shares. It is emphasised that neither our Company, our Directors, the Manager, the Underwriter not the Placement Agent or any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

The following discussion describes the material Singapore income tax, stamp duty, goods and services tax and estate duty consequences of the purchase, ownership and disposal of our Shares.

Income Tax

General

Singapore tax residents are subject to Singapore income tax on income that is accrued in or derived from Singapore and on foreign income received in Singapore, subject to certain exceptions.

Non-resident corporate taxpayers are subject to income tax on income that is accrued in or derived from Singapore, and on foreign income received in Singapore, subject to certain exceptions. All individuals resident and non-resident, subject to certain exceptions, are subject to income tax on income accrued in or derived from Singapore. With effect from year of assessment 2005 (i.e. for calendar year ended in 2004), all foreign sourced income received in Singapore by all individuals will be exempt from Singapore tax. The latter exemption will not apply to such income received from a partnership in Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore (for example, if the company's Board of Directors meets and conducts the business of the company in Singapore). An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

The corporate tax rate in Singapore is 20 per cent. with effect from the year of assessment 2005 i.e. the financial year ended in 2004 and 18% from the year of assessment 2008 i.e. financial year ended 2007. Further, from the year of assessment 2005, corporate tax exemption will apply to the first $100,000 of a company's chargeable income as follows:

(i) 75 per cent. of up to the first $10,000 of a company's chargeable income (excluding Singapore dividends); and

(ii) 50 per cent. of up to the next $90,000 of a company's chargeable income (excluding Singapore dividends).

From the year of assessment 2008, 75 per cent. of up to the first $10,000 of a company's normal chargeable income (excluding dividends) and 50 per cent. of the next $290,000 of the company's normal chargeable income (excluding dividends) are exempt from tax.

The remaining chargeable income (after the tax exemption) will be taxed at 20 per cent.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's circumstance but is subject to a maximum marginal rate of 20 per cent. for the year of assessment 2007 (i.e. calendar year 2006).

Non-Singapore resident person who derive certain types of income from Singapore are subject to the withholding tax currently at 20% or generally 15% in case of interest, royalty and rental of movable equipment income, unless reduced or exempted by any applicable tax incentive or double tax treaty. Withholding tax rate on payments (other than those subject to the 10% or 15% final withholding tax) to non-resident persons (other than non-resident individuals and non Hindu joint family) will be reduced to 18% with effect from the year of assessment 2008 (i.e. financial year ended 2007).

Cash Dividend Distributions

As our Company will be tax resident in Singapore, dividends paid by our Company would be considered as sourced from Singapore. Dividends received in respect of our Shares by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax. The exemption will not apply to a partnership in Singapore. There is no withholding tax on dividends paid to non-Singapore tax resident shareholders.

Dividend Distribution – Imputation System

Prior to 1 January 2003, Singapore applied an imputation system of taxing all dividends, except normal exempt dividends, paid by a Singapore tax resident company. Under the imputation system, the tax paid by a Singapore tax resident company on income subject to tax at the normal corporate tax rate would be imputed to, and deemed paid on behalf of, its shareholders upon distribution of such income as dividends. Thus, the shareholders would receive dividends ("franked dividends") net of such tax. The shareholders would be taxed in Singapore on the gross amount of the franked dividends (that is, on the amount of net dividends plus the tax credit attached to the dividends). The tax paid by the company would effectively become available to the shareholders as a tax credit to offset their Singapore income tax liabilities.

Dividend Distribution – One-tier Corporate Tax System ("one-tier system")

With effect from 1 January 2003, the imputation system (see "Dividend Distribution – Imputation System") has been replaced by a new one-tier system. Under this new system, the tax on corporate profits is final and Singapore dividends paid under the one-tier system would be tax exempt in the hands of the shareholder (both corporate or individual), regardless of whether the shareholder is a Singapore tax resident or otherwise. There will be no tax credits attached to such dividends.

Our Company, being a newly incorporated company, does not have any accumulated franking credits and will therefore, automatically be in the one-tier system and can only declare one-tier exempt dividends to our shareholders.

Bonus Issues And Scrip Dividends

Under current Singapore tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, pro-rata to shareholders ("bonus issue") does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholder. However, as our Company is under the One-Tier System, such a dividend will be exempt from Singapore tax. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the dividend declared will be treated as one-tier exempt dividend income and will not be subject to Singapore tax.

Gains on Disposal of Shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the Inland Revenue Authority of Singapore ("IRAS") regards as the carrying on of a trade or business in Singapore.

Any profits from the disposal of our Shares, if regarded as capital gains by the IRAS, are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal profits would be taxable as trading income and not treated as non-taxable capital gains.

Stamp Duty

No stamp duty is payable on the allotment or holding of our Shares. Stamp duty is payable on the instrument of transfer of our Shares at the rate of $2.00 for every $1,000 of the consideration for, or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

The above stamp duty is not applicable to electronic transfers of our Shares through the CDP. Please refer to the section "Clearance and Settlement" of this Prospectus for further details.

Goods and Services Tax ("GST")

The sale of our Shares by an investor belonging to Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST directly or indirectly incurred by an investor in respect of this exempt supply will become an additional cost to the investor.

Where our Shares are sold by the investor belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business is claimable as a refund from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 7 per cent. with effect from 1 July 2007. Similar services rendered to an investor belonging outside Singapore are subject to GST at zero-rate.

Estate Duty

Singapore estate duty is imposed on the value of most immovable property situated in Singapore which passes on the death of a person, whatever the domicile of the deceased, subject to specific exemption limits. For persons domiciled in Singapore at the date of death, estate duty is also imposed on movable property, wherever situated, subject to specific exemption limits. Movable assets of non-domiciles are now exempt from estate duty. Our Shares are considered to be movable property situated in Singapore as we are a company incorporated in Singapore. Accordingly, our Shares held by an individual are subject to Singapore estate duty upon such individual's death, if the individual is domiciled in Singapore.

Singapore estate duty is payable to the extent that the value of our Shares aggregated with any other assets subject to Singapore estate duty exceeds $600,000. Unless estate duty exemptions apply to the other assets, any excess beyond $600,000 will be taxed at 5.0 per cent. on the first $12,000,000 of the individual's chargeable assets subject to Singapore estate duty and the remainder at 10 per cent. Quick succession relief is available for deaths occurring within 2 years of the individual and his beneficiary.

Individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our Shares.

SUMMARY OF CERTAIN PRC LAWS AND REGULATIONS

1. PRC legal system

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations and directives. Decided court cases do not constitute binding precedents.

The National People's Congress of the PRC ("**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC.

The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders enacted by the State Council and the State Council has the power to annul such directives, orders and regulations issued by its ministries and commissions.

At the regional level, the people's congresses of provinces and municipalities and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws（全国人民代表大会常务委员会关于加强法律解释工作的决议）passed on 10 June 1981, the Supreme People's Court is empowered to issue general interpretations on the application of laws in judicial proceedings in addition to its power to issue specific interpretations in specific cases. The State Council and its ministries and commissions are also vested with the power to issue interpretations of the rules and regulations which they promulgated. At the regional level, the power to issue interpretations of regional laws is vested in the regional legislative and administration organs which promulgate such laws. All such interpretations carry legal effect.

2. Judicial system

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution（中华人民共和国宪法）and the Law of Organisation of the People's Courts of the People's Republic of China（中华人民共和国人民法院组织法）, the People's Courts comprise the Supreme People's Court, the People's Local Courts, military courts and other special People's Courts. The People's Local Courts are divided into three levels, namely, the basic People's Courts, intermediate People's Courts and higher People's Courts. The basic People's Courts are divided into civil, criminal, administrative and economic divisions. The intermediate People's Courts have divisions similar to those of the basic People's Courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of the People's Courts at lower levels are subject to supervision of the People's Courts at higher levels. The People's procuratorates also have the right to exercise legal supervision over the proceedings of the People's Courts of the same or lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the People's Courts of all levels.

The People's Court adopts a two-tier appeal system. At first instance a party may, before a judgment or order takes effect, appeal against the judgment or order of a Local People's Court to the People's Court of the next higher level. Judgments or orders at the second instance of the same level of the People's Court or at the next higher level of the People's Court are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a People's Court of a higher level finds an error in a final and binding judgment of any People's Court of a lower level which has taken effect, or the presiding judge of a People's Court finds an error in a final and binding judgment which has taken effect in a court over which he presides, a retrial of the case may be ordered according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China（中华人民共和国民事诉讼法）(the "**Civil Procedure Law**") adopted on 9 April 1991. The Civil Procedure Law governs the institution of a civil action, the jurisdiction of the People's Courts, the procedures for the conduct of a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement of the contractual parties provided that the jurisdiction of the People's Court so selected is connected with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or performed in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. In respect of litigation, a foreign national or foreign enterprise is accorded the same rights and subject to the same obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a People's Court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the People's Court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months.

A party seeking to enforce a judgment or order of a People's Court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the People's Courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the People's Court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

3. Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC（中华人民共和国仲裁法）(the "**Arbitration Law**") was promulgated by the Standing Committee of the NPC on 31 August 1994 and came into effect on 1 September 1995. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a People's Court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party may apply to the People's Court for enforcement. A People's Court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty or bilateral treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

4. Foreign exchange control

Major reforms have been introduced to the foreign exchange control system of the PRC since 1993.

The People's Bank of China ("**PBOC**"), with the authorisation of the State Council, issued on 28 December 1993 the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的通知) and on 26 March 1994 the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇，售汇及付汇管理暂行规定) both which came into effect on 1 April 1994. On 29 January 1996, the State Council promulgated the PRC Foreign Exchange Administration Regulations (中华人民共和国外汇管理条例) which took effect on 1 April 1996. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇，售汇及付汇管理规定), which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration for Foreign Exchange ("**SAFE**") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for Foreign Investment Enterprises ("**FIEs**") may only be conducted through designated banks.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC.

Under the new regulations, the previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The PBOC, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each bank business day the RMB exchange rates against the U.S. dollar and major foreign currencies. In general, all organisations and individuals within the PRC, including FIEs, are required to remit their foreign exchange earnings to the PRC. In relation to PRC enterprises, their recurrent foreign exchange earnings are generally required to be sold to designated banks unless specifically approved otherwise. FIEs (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises), on the other hand, are permitted to retain certain percentage of their recurrent foreign exchange earnings and the sums retained must be deposited into foreign exchange bank accounts maintained with designated banks. Capital foreign exchange earnings must be deposited into foreign exchange bank accounts maintained with designated banks and can generally be retained in such accounts.

At present, control on the purchase of foreign exchange is relaxed. Enterprises within the PRC which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated banks, upon the presentation of relevant supporting documents without the need for any prior approvals of the SAFE.

In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by an FIE to its foreign investment party, then, subject to the due payment of tax on such profits and the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of that enterprise.

Despite the relaxation of foreign exchange control over current account transactions, the approval of the SAFE is still required before a PRC enterprise may take up a loan in a foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or to enter into any other capital account transactions involving the purchase of foreign exchange.

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre ("**CFETC**") was formally established and came into operation in April 1994. The CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an inter-bank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through swap centres or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap centres became restricted to conducting foreign exchange transactions between authorised banks and inter-bank lending between PRC banks.

In order to regulate PRC domestic residents who engage in trans-territorial capital transactions, investment and financing activities via overseas special purpose vehicle SAFE promulgated the Circular of the State Administration of Foreign Exchange Concerning Relevant Issues on Foreign Exchange Administration of Financing and Repatriation of Investments by Domestic Residents through Foreign Special Purpose Vehicles (the "**Circular**") (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) on 21 October 2005 which took effect on 1 November 2005. On 29 May 2007, the SAFE promulgated the Notice on the Issuance of the Manipulate Rules of the Circular of the State Administration of Foreign Exchange Concerning Relevant Issues on Foreign Exchange Administration of Financing and Repatriation of Investments by Domestic Residents through Foreign Special Purpose Vehicles and Return Investment (the "**Manipulate Rules**") (关于印发国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知操作规程的通知) which came into force on the date of promulgation. The Circular and the Manipulate Rules state that before a special purpose vehicle is set up, the domestic residents, including PRC companies and PRC resident individuals, must apply for such vehicle to be registered with the local foreign exchange authority. Under the Circular and the Manipulate Rules PRC residents shall register with the local foreign exchange authority (if they have not previously done so in accordance with previous applicable regulations), even if the special purpose vehicle is set up prior to 1 November 2005. On 29 May 2007, SAFE promulgated the Notice on the Issuance of the Manipulate Rules of the Circular which came into force at the promulgation ("**Notice 106**"). It is further provided in the Circular and the Manipulate Rules that PRC residents in the overseas invested companies register, modify or record with the local SAFE within 30 days from the date of any increase/decrease of capital, share transfer, merger/splitting, change in long-term equity or debt finance, granting of foreign-related security or other material

changes to the capital structure of the special purpose vehicle ("**material issues**"). The special purpose vehicle is not allowed to receive distributed dividends, profits and other payments from its PRC subsidiary unless and until the aforesaid registration is satisfied in accordance with this Circular and the Manipulate Rules. The Circular and the Manipulate Rules also require PRC residents to repatriate, within 180 days, distributed dividends or profits which the PRC residents receive from the special purpose vehicle and/or income deriving from changes in the shareholding of the special purpose vehicle. Whilst there is a time limit for completion of the above application or registration, there is no description of the result or penalties in case of any delay of registration. If any breaches of this Circular result in foreign exchange evasion or other violations of foreign exchange administration, penalties can be imposed by the SAFE in accordance with the PRC Rules of Foreign Exchange Administration and other relevant regulations. Failure to conduct the above supplemental registration, registration for modification or record of the material issues with the local foreign exchange authority fully could adversely affect our ability to remit our profits, to effect liquidation, share transfer and reduction of registered capital, and we could be punished for foreign exchange evasion. Those who commit an act of foreign exchange evasion shall be ordered by the foreign exchange authority to repatriate the evaded foreign exchange back into China within a time-frame stipulated by the foreign exchange authority, the repatriated funds shall be "compulsorily" converted to RMB, and a fine of an amount between 30% of the evaded foreign exchange and not more than 5 times of the evaded foreign exchange shall be imposed, and if such act constitutes a crime, the person/entity in question shall be investigated for criminal responsibilities.

5. Taxation

The applicable income tax laws, regulations, notices and decisions (collectively referred to as "**Applicable Foreign Enterprises Tax Law**") related to FIEs and their investors include the following:

(1) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises Regulations (中华人民共和国外商投资企业和外国所得税法) adopted by the NPC on 9 April 1991;

(2) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中华人民共和国外商投资企业和外国企业所得税法实施细则) promulgated by the State Council, which came into effect on 1 July 1991;

(3) Notice Relating to taxes Applicable to Foreign Investment Enterprises / Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains obtained from Holding and Transferring of Shares (国家税务总局关于外商投资企业/外国企业和外籍个人取得股票(股权)转让收益和股息所得收问题的通知) promulgated by State Tax Bureau on 21 July 1993;

(4) Notice on Relevant Policies Concerning Individual Income Tax (关于个人所得税若干政策问题的通知) issued by Ministry of Finance and the State Tax Bureau on 13 May 1994;

(5) Enterprise Income Tax Law of the PRC (中华人民共和国企业所得税法) promulgated by the NPC, which will come into effect on 1 January 2008; and

(6) Implementing Rules of the Enterprise Income Tax Law of the PRC (中华人民共和国企业所得税法实施条例) promulgated by State Council which will come into effect on 1 January 2008.

(a) Income tax on FIEs

According to the Applicable Foreign Enterprises Tax Law, FIEs (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises established in the territory of the PRC) is required to pay a national income tax at a rate of 30% of their taxable income and a local income tax at a rate of 3% of their taxable income.

An FIE engaged in production having a period of operation of not less than ten years shall be exempted from income tax for the first two profit-making years and a 50% reduction in the income tax payable for the next three years. The income tax concession for FIEs engaged in the exploitation of resources such as petroleum, natural gas, rare metals and precious metals are regulated separately by the State Council.

FIEs established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and FIEs engaged in production in economic and technological development zones may pay income tax at a reduced rate of 15%. FIEs engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay income taxes at a reduced rate of 24%. A reduced income tax rate of 15% may apply to an enterprise located in such regions or other regions specified by the State Council which is engaged in energy, communication, harbour, wharf or other projects encouraged by the State.

Losses incurred in a tax year may be carried forward for not more than five years.

The people's governments of provinces, autonomous regions and centrally supervised municipalities may grant exemptions from or reduced local income tax for an FIE engaged in an industry or a project encouraged by the State.

On 16 March, 2007, the NPC promulgated Enterprise Income Tax Law (the "EIT Law") which set a unified tax rate of 25 per cent. for both domestic-invested enterprises and FIEs. The above-mentioned Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises Regulations will be abolished on 1 January 2008. However, it adopt some transitional preferential measures for old enterprises established before the promulgation of the EIT Law which enjoy low tax rates or regular tax reduction and exemption preferential treatment under current tax laws and administrative regulations. According to these transitional measures, old enterprises which are entitled to enjoy the current preferential income tax treatment at low tax rates under the current tax laws may, pursuant to the regulations of the State Council, continue to enjoy a gradually increasing transitional income tax rate within five years after the EIT Law becoming effective. Old enterprises, which are entitled to enjoy regular tax reduction and exemption preferential treatment under the current income tax laws, may continue to enjoy the remaining incentives in accordance with the requirements and period specified by the current income tax laws. However, for enterprises that have not made any profits and thus not enjoyed such preferential treatment, the period for enjoying preferential income tax treatment shall be calculated from the year in which the EIT Law becomes effective.

(b) Value added tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例) promulgated by the State Council came into effect on 1 January 1994. Under these regulations and the Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例实施细则), value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Value added tax payable in the PRC is charged on an aggregated basis at a rate of 13% or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and services in the same financial year.

(c) Business tax

With effect from 1 January 1994, business that provide services (except entertainment business), assign intangible assets or sell immovable property became liable to business tax at a rate ranging from three to twenty per cent. of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

(d) Tax on dividends from FIEs

According to the Applicable Foreign Enterprises Tax Law, income such as dividends and profits distribution from the PRC derived from a foreign enterprise which has no establishment in the PRC is subject to a 20% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable Foreign Enterprises Tax Law. The profit derived by a foreign investor from an FIE is exempted from PRC tax according to the Applicable Foreign Enterprises Tax Law. According to the EIT Law and the implementation of the EIT Law which will become effective on 1 January 2008, for dividends made in the year 2008 or after, foreign investors which have no establishment in the PRC will be subject to a withholding tax on the dividends derived from a source within the PRC. The EIT Law prescribes a statutory withholding tax rate of 20%. In addition, a lower withholding tax rate may be applied according to the Agreement between PRC Government and Singapore Government for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income with the PRC.

(7) The second Amendment to the Income Tax Law Applicable to Individuals of the PRC (修改中华人民共和国个人所得税法的决定) promulgated by Standing Committee of NPC on 30 August 1999.

6. Wholly foreign-owned enterprise ("WFOE")

WFOE is governed by the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments (中华人民共和国外资企业法), which was promulgated on 12 April 1986, and its Implementation Regulations promulgated on 12 December 1990 (together the "WFOE Law").

(a) Procedures for establishment of a WFOE

The establishment of a WFOE will have to be approved by the Ministry of Commerce ("**MOC**") (or its delegated authorities). In the case of a WFOE whereby two or more foreign investors jointly apply for the establishment of a WFOE, a copy of the contract between the parties must also be submitted to MOC (or its delegated authorities) for its approval and record. A WFOE must also obtain a business licence from the State Administration for Industry and Commerce (or its delegated authorities) ("**SAIC**") before it can commence business.

(b) Nature of WFOE

A WFOE is a limited liability company under the WFOE Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by MOC (or its delegated authorities) in accordance with relevant regulations.

(c) Profit distribution

The WFOE Law provides that after payment of taxes, a WFOE must make contributions to a reserve fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. However, at least 10 per cent. of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

7. Regulations on Supervision of the Manufacturing of Special Equipment

The Safety Supervision Institution of Special Equipment of the General Administration of Quality Supervision Inspection and Quarantine（国家质量监督检验检疫总局特种设备安全监察机构）is responsible for the unified administration of the manufacture licences of special equipment in the PRC. The Safety Supervision Institution of Special Equipment of the Administrative Bureaus Quality Supervision Inspection and Quarantine at the provincial level is responsible for the administration of the manufacture licences of special equipment within their respective areas of jurisdiction.

The Rules on Supervision of Special Equipment（特种设备安全监察条例, the "**Supervision Regulation**") promulgated on 31 March 2003 by the NPC specified hoisting machinery as special equipment, which is subject to the Supervision Regulation and certain other regulations, including the Rules on Manufacture Licences of Mechanical and Electrical Special Equipment（机电类特种设备制造许可规则）(the "**Licence Rule**") promulgated on 17 June 2003 by the General Administration of Quality Supervision Inspection and Quarantine. The above-mentioned regulations require a producer to obtain a Manufacture Licence of Special Equipment of PRC（中华人民共和国特种设备制造许可证）(the "**Manufacture Licence**") before manufacturing hoisting machinery, and the instalment and operation of hoisting machinery is subject to the supervision of the PRC General Administration of Quality Supervision, Inspection and Quarantine（中国质量监督检验检疫总局）and/or the Construction Department.

Penalties and remedies for the breach of the above-mentioned regulations by manufacturing, using, or inspecting the hoisting machinery without the Manufacture Licence include clampdowns, confiscation of unlicensed products, repristination of any installment or modification by an entity obtaining the Manufacture Licence, and imposition of a fine from RMB50,000 to RMB200,000. Material breach of the above-mentioned regulations may constitute a violation of PRC's criminal law.

The Licence Rule prescribes that the Manufacture Licence shall remain in effect for a period of 4 years from the date of administrative approval. At least 6 months before the date of expiration is required should an entity apply for the renewal of the Manufacture Licence. The entity shall also proceed through the type test and manufacture condition test. The entity shall submit the required documents and pass the certain inspections by the relevant authority.

8. Mergers and Acquisitions

On 8 August 2006, the MOC, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, the CSRC and SAFE collectively issued the "Provisions on Acquisition of Domestic Enterprise by Foreign Investors" (which was supplemented by the "Provisions on Indirect Overseas Issuance or Listing of Securities by Domestic Enterprise" issued by CSRC on 21 September 2006) which came into force on 8 September 2006 (the "**Provision 10**"). Provision 10 relates to acquisitions of PRC domestic enterprises by foreign investors by way of shares merger and acquisition and assets merger and acquisition. It provides that the acquisition of PRC domestic enterprises by affiliated foreign enterprises established or controlled by PRC domestic companies, enterprises or natural persons must be approved by the MOC. Provision 10 also provides that the overseas listing of a special purpose company on an overseas stock market must be approved by the CSRC.

Yuan Tai Law Offices is of the opinion that Provision 10 does not apply to the FSYM Construction Acquisition (as described in the section entitled "Restructuring Exercise of Our Group and Certain Pre-Invitation Transactions" in this Prospectus) as FSYM Construction was an FIE and not a PRC domestic enterprise as at 8 September 2006. Accordingly, although the Restructuring Exercise was completed after 8 September 2006, Yuan Tai Law Offices is of the view that the FSYM Construction Acquisition does not require any approval from or registration with the MOC or the CSRC or any other PRC authority, under or as required by the PRC laws and regulations, other than the approval from the original local approving authority, the Liaoning Provincial Department of Foreign Trade and Economic Co-operation which is the appropriate authority, regarding the share transfers in respect of shares in FSYM Construction between our Company, FYEM and Mr Sun Zhao Lin (which approval has been obtained).

In addition, Yuan Tai Law offices is of the opinion that the listing of our Company with FSYM Construction as our subsidiary does not require any approval from or registration with the CSRC, the MOC or any other PRC authority under PRC laws and regulations.

TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION

You are invited to apply and subscribe for the New Shares at the Issue Price for each Offer Share and each Placement Share, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF NEW SHARES WILL BE REJECTED.**

2. Your application for the Offer Shares may be made by way of printed Offer Shares Application Forms or by way of electronic applications through ATMs of the Participating Banks ("ATM Electronic Applications") or through Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications").

   Your application for the Placement Shares may only be made by way of printed Placement Shares Application Forms.

   YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares.**

   If you submit an application for the Offer Shares by way of an Application Form, you MAY NOT submit another application for the Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company, the Manager, Underwriter and Placement Agent.

   If you, being other than an approved nominee company, have submitted an application for the Offer Shares in your own name, you should not submit any other application for the Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

   If you have made an application for Placement Shares by way of a Placement Shares Application Form, you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company, the Manager, Underwriter and Placement Agent.

   Conversely, if you have made an application for Offer Shares either by way of an Application Form or by way of an Electronic Application, you may not make any application for the Placement Shares. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company, the Manager, Underwriter and Placement Agent.

Joint applications shall be rejected. Multiple applications for New Shares may be rejected at the discretion of our Company, the Manager, the Underwriter and the Placement Agent. If you submit or procure submissions of multiple share applications (whether for the Offer Shares, the Placement Shares or both the Offer Shares and the Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at the discretion of our Company, the Manager, Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

6. **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences from CDP will be sent to your address last registered with CDP.**

9. **We reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. We further reserve the right to treat as valid any**

applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Prospectus, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

10. We reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment which shall be at our discretion, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

    You hereby consent to the disclosure of your name, NRIC/Passport number, address, nationality, permanent residency status, CDP Securities Account number, CPF Investment Account number (if applicable) and shares application amount from your account with the relevant Participating Bank to the Share Registrar, SCCS, SGX-ST, CDP, CPF, our Company, the Manager, Underwriter and Placement Agent.

12. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares as at the close of the Application List.

    In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

    In the event of an over-subscription for Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and approved by the SGX-ST.

    In all of the above instances, the basis of allotment of the New Shares as may be decided upon by our Company with a view to ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and through an advertisement in a local newspaper.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted and/or allocated to you pursuant to your application, to our Company, the Manager, the Underwriter and the Placement Agent and, any other parties so authorised by the foregoing persons.

14. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application, or for the Placement Shares through the Placement Agent.

15. By completing and delivering an Application Form or by making and completing an Electronic Application (in the case of an ATM Electronic Application) by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Prospectus, you:

    (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the terms and conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;

    (b) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you;

    (c) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

    (d) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company upon application; and

    (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Manager, the Underwriter and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.

16. Our acceptance of applications will be conditional upon, *inter alia*, us being satisfied that:

    (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the New Shares on the Official List of the SGX-ST;

    (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section entitled "Management and Underwriting and Placement Arrangements" to this Prospectus have become unconditional and have not been terminated or cancelled prior to such date as we may determine; and

    (c) the Authority has not served a stop order which directs that no further shares to which this Prospectus relates be allotted and/or allocated.

17. In the event that a stop order in respect of the New Shares is served by the Authority or other competent authority and applications to subscribe for the New Shares have been made prior to the stop order, then

    (a) in the case where the New Shares have not been issued, all applications shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days of the date of the stop order, pay to you all monies paid on account of your application for the New Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk); or

(b) in the case where the New Shares have already been issued, the issue of the New Shares shall be deemed to be void and our Company shall, within 14 days from the date of the stop order, pay to you all monies paid on account of your application for the New Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk).

This shall not apply where only an interim stop order has been served.

18. In the event that an interim stop order in respect of the New Shares is served by the Authority or other competent authority, no New Shares shall be issued to you during the time when the interim stop order is in force. The Authority shall not serve a stop order in respect of the New Shares if the New Shares have been issued, listed for quotation on a securities exchange and trading in the New Shares has commenced.

19. We will not hold any application in reserve.

20. We will not allocate or allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

21. Additional terms and conditions for application by way of Application Forms are set out on pages J-6 to J-9.

22. Additional terms and conditions for application by way of Electronic Applications are set out on pages J-10 to J-17.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATION USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out in the section "Terms and Conditions And Procedures For Application" as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Application Forms accompanying and forming part of this Prospectus.

   Your application for the Placement Shares must be made using the **BLUE** Application Forms accompanying and forming part of this Prospectus.

   We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms, except those under the heading **"FOR OFFICIAL USE ONLY"**, must be completed and the words **"NOT APPLICABLE"** or **"N.A."** should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar. We reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in

which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of **"YONGMAO HOLDINGS LIMITED ACCOUNT"** crossed **"A/C PAYEE ONLY"**, with your name and address of the applicant written clearly on the reverse side. **We will not accept applications not accompanied by any payment or accompanied by any other form of payment**. We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by us or the Manager for applications and application monies received.

8. Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement or by CIMB-GK pursuant to the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within 14 days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the stop order.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Manager and/or any other party involved in the Invitation, and if, in any such event, our Company and/or the Manager does not receive your Application Form, you shall have no claim whatsoever against our Company, the Manager, the Underwriter and the Placement Agent and/or any other partly involved in the Invitation for New Shares applied for or for any compensation, loss or damage.

11. By completing and delivering the Application Form, you agree that:

    (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon** on ● **2008** or such other time or date as our Directors may, in consultation with the Manager, decide:

        (i) your application is irrevocable; and

        (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (b) neither our Company, the Manager, the Underwriter, the Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above o to any cause beyond their respective controls;

(c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(d) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

(e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(f) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Manager, the Underwriter, the Placement Agent or any other party involved in the Invitation shall have any liability for any information not so contained;

(g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Manager, the Underwriter, the Placement Agent or other authorised operators; and

(h) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allocated to you in respect of your application. In the event that our Company decides to allot any smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:

   (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with your correct remittance in accordance with the terms and conditions of this Prospectus, in the **WHITE** official envelope "A" provided;

   (b) in the appropriate spaces on **WHITE** official envelope "A":

      (i) write your name and address;

      (ii) state the number of Offer Shares applied for;

      (iii) tick the relevant box to indicate the form of payment; and

      (iv) affix adequate Singapore postage;

   (c) seal the **WHITE** official envelope "A";

   (d) write, in the special box provided on the larger **WHITE** official envelope "B" addressed to **Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street #08-01, Samsung Hub, Singapore 049483** the number of Offer Shares for which the application is made; and

(e) insert **WHITE** official envelope "A" into **WHITE** official envelope "B", seal **WHITE** official envelope "B", affix adequate Singapore postage on **WHITE** official envelope "B" (if despatched by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND,** the documents at your own risk, to **Boardroom Corporate & Advisory Services Pte. Ltd, 3 Church Street #08-01, Samsung Hub, Singapore 049483** to arrive by **12.00 noon on ● 2008 or such other time as our Company may, in consultation with the Manager, decide**. **Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed and signed **BLUE** Placement Shares Application Form and your remittance in full in respect of the number of Placement Shares applied for in accordance with the terms and conditions of this Prospectus, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND**, at your own risk, to **Boardroom Corporate & Advisory Services Pte. Ltd, 3 Church Street #08-01, Samsung Hub, Singapore 049483** to arrive by **12.00 noon on ● 2008 or such other time as our Company may, in consultation with the Manager, decide**. **Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group and DBS Bank are the only participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB Group are set out, respectively, in the "Steps for an ATM Electronic Application through the ATMs of UOB Group" and the "Steps for an Internet Electronic Application through the IB website of UOB Group" (collectively, the "Steps") appearing below. The Steps set out the actions that you must take at an ATM or the IB website of UOB Group to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "applicant" in the "Additional Terms and Conditions for Electronic Applications" and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with, and be an ATM cardholder of, one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification ("User ID") and a Personal Identification Number/Password ("PIN") given by a relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, through the IB website of UOB Group, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application that:

(a) you are in Singapore at the time of making of such application;

(b) your mailing address for IB with the relevant Participating Bank is in Singapore;

(c) you are not a U.S. person[(1)] (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended from time to time),

and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

Note:-

(1) For details, please refer to definition of "U.S. person" on the IB websites.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out in the section "Terms And Conditions And Procedures For Application" as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

   (a) that you have received a copy of this Prospectus (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

   (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application details (the "Relevant Particulars") from your account with the relevant Participating Bank to our Share Registrar, CDP, CPF, SCCS, SGX-ST, our Company, the Manager, the Underwriter, the Placement Agent or other authorised operators (the "Relevant Parties"); and

   (c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

   Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen. By doing so, you signify your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation by pressing the "Enter" or "OK" or "Confirm" or "Yes" key in the ATM, or clicking "OK" or "Submit" or "Confirm" or "Continue" or "Yes" or any other relevant button on the internet screen, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act, Chapter 19 of Singapore to the disclosure by that relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

   YOU SHALL MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHALL NOT MAKE ANY OTHER APPLICATION FOR NEW SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

   You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of a relevant Participating Bank for Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that we decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. **Trading on a "WHEN ISSUED" basis, if applicable, is expected to commence after such refund has been made.**

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

   Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank on the status of your Electronic Application and/or the refund of any monies to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Shares on the SGX-ST. Neither SGX-ST, the CDP, the SCCS, the Participating Banks, our Company nor the Manager, the Underwriter or the Placement Agent assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make an ATM Electronic Application through the ATM or IB website of the following Participating Banks, you may check the results of your Electronic Application as follows:

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service expected from
UOB Group	1800 222 2121	ATM (Other Transactions – "IPO Enquiry")(1) http://www.uobgroup.com(1) (3)	ATM/Phone Banking – 24 hours a day Internet Banking – 24 hours a day	Evening of the balloting day Evening of the balloting day
DBS Bank	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com(2)	24 hours a day	Evening of the balloting day
OCBC	1800 363 3333	ATM/Internet Banking/ Phone Banking(3)	24 hours a day	Evening of the balloting day

Notes:

(1) If you have made your Electronic Application through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking Services.

(2) If you have made your Electronic Application through the IB website of UOB Group or DBS Bank, you may check your results through the same channels listed in the table above in relation to ATM Electronic Applications made at ATMs of UOB Group or DBS Bank.

(3) If you have made your Electronic Application through the ATMs of OCBC, you may check your results through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking Services.

7. Electronic Applications shall close at **12.00 noon on ● 2008** or such other time as our Company may, in consultation with the Manager, decide. All Internet Electronic Applications must be received by ● 2008. Subject to paragraph 9 below, an Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.

8. You are deemed to have irrevocably requested and authorised us to:

(a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore currency, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of balloting; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, our Directors, the Manager and/or any other party involved in the Invitation, and if, in any such event, our Company, the Manager and/or the relevant Participating Bank does not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Manager, the Underwriter and the Placement Agent, the relevant Participating Bank and/or any other party involved in the Invitation for Offer Shares applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name(s) and without qualification. We will reject any application by any person acting as nominee, except those made by approved nominee companies only.

11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:

    (a) in consideration of us making available the Electronic Application facility, through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any):

        (i) your Electronic Application is irrevocable; and

        (ii) your Electronic Application, the acceptance by us and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (b) neither our Company, the Manager, the Underwriter, the Placement Agent, the Participating Banks nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

    (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

    (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and

    (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Manager, the Underwriter and the Placement Agent nor any other party involved in the Invitation shall have any liability for any information not so contained.

STEPS FOR AN ELECTRONIC APPLICATION FOR OFFER SHARES THROUGH DBS BANK ATMS (INCLUDING POSB ATMS)

Instructions for ATM Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank ATM (including POSB ATM) are shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "appln", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "application", "and", "NRIC", "SGX-ST" and "Number" respectively. Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB ATMs)), may differ slightly from those represented below.

Step 1 : Insert your personal DBS Bank or POSB ATM Card.

2 : Enter your Personal Identification Number.

3 : Select "MORE SERVICES".

4 : Select "LANGUAGE" (FOR CUSTOMERS USING MULTI-LANGUAGE CARD).

5 : Select "ESA-IPO SHARE/INVESTMENTS".

6 : Select "ELECTRONIC SECURITY APPLICATION (IPOS/BOND/ST-NOTES/ SECURITIES)".

7 : Read and understand the following statements which will appear on the screen:-

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- PRESS THE "ENTER" KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD.

8 : Press the "Enter" key to acknowledge:-

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLICATION AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/ VENDOR(S).

- FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITY APPLICATIONS, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A U.S. PERSON AS REFERRED TO IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

9 : Select your nationality.

10 : Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSBank account (Current/Savings) from which to debit your application monies.

11 : Enter the number of securities you wish to apply for using cash.

12 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS Bank's records).

13 : Check the details of your share application, your NRIC or Passport Number and CDP Securities Account Number and number of securities on the screen and press the "ENTER" key to confirm application.

14 : Remove the Transaction Record for your reference and retention only.

Steps for an Internet Electronic Application through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website is shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "and", "NRIC", "SGX-ST" and "Number" respectively).

Step 1 : Click on to DBS Bank website www.dbs.com.

2 : Login to Internet Banking.

3 : Enter your User ID and PIN.

4 : Select “Electronic Security Application (ESA)”.

5 : Click “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1993, as amended).

6 : Select your country of residence and click “I confirm”.

7 : Click on ● and click the “Submit” button.

8 : Click “I Confirm” to confirm, *inter alia*:-

(a) You have read, understood and agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement;

(b) You consent to disclose your name, IC or passport number, address, nationality, CDP Securities Account number, CPF Investment account number (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/ vendor(s);

(c) You are not a U.S. person (as such term defined in Regulation S under the U.S. Securities Act of 1933, as amended);

(d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1993 as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “U.S. person” (as defined in the Regulation S under the U.S. Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws;

(e) This application is made in your name and at your own risk; and

(f) For FIXED/MAX price share application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

9 : Fill in details for share application and click “Submit”.

10 : Check details of your share application, your I/C/passport No. and click “OK” to confirm your application.

11 : Print Confirmation Screen (optional) for your reference & retention only.