

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for the period ended 31 December 2010. These figures have not been audited.

	Group (Third Quarter)			Group (Nine Months)		
	RMB'000		%	RMB'000		%
	3 months ended 31 Dec 2010 (Q3 FY2011)	3 months ended 31 Dec 2009 (Q3 FY2010)	Increase/ (Decrease)	9 months ended 31 Dec 2010 (9M FY2011)	9 months ended 31 Dec 2009 (9M FY2010)	Increase/ (Decrease)
Revenue	166,161	118,317	40.4	428,336	303,346	41.2
Cost of sales	(120,279)	(91,215)	31.9	(315,516)	(224,989)	40.2
Gross profit	45,882	27,102	69.3	112,820	78,357	44.0
Other operating income	677	665	1.8	2,901	7,430	(61.0)
Administrative expenses	(19,575)	(17,545)	11.6	(48,474)	(42,010)	15.4
Distribution costs	(18,081)	(12,804)	41.2	(43,112)	(35,781)	20.5
Other operating expenses	(5,224)	148	NM	(6,830)	(833)	719.9
Finance costs	(2,108)	(1,506)	40.0	(5,826)	(4,047)	44.0
Total operating expenses	(44,988)	(31,707)	41.9	(104,242)	(82,671)	26.1
Profit/(loss) from operations	1,571	(3,940)	NM	11,479	3,116	268.4
Share of results of associated companies	(594)	409	NM	2,095	696	201.0
Profit/(loss) before taxation	977	(3,531)	NM	13,574	3,812	256.1
Taxation	(2,410)	(448)	437.9	(6,776)	(827)	719.3
Net (loss)/profit for the period	(1,433)	(3,979)	(64.0)	6,798	2,985	127.7
Attributable to:						
Equity holders of the Company	(305)	(6,917)	(95.6)	6,807	1,544	340.9
Minority interests	(1,128)	2,938	NM	(9)	1,441	NM
Net (loss)/profit for the period	(1,433)	(3,979)	(64.0)	6,798	2,985	127.7

NM: Not Meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Third Quarter)			Group (Nine Months)		
	RMB'000		%	RMB'000		%
	3 months ended 31 Dec 2010 (Q3 FY2011)	3 months ended 31 Dec 2009 (Q3 FY2010)	Increase/ (Decrease)	9 months ended 31 Dec 2010 (9M FY2011)	9 months ended 31 Dec 2009 (9M FY2010)	Increase/ (Decrease)
Net (loss)/profit for the period	(1,433)	(3,979)	(64.0)	6,798	2,985	127.7
Other comprehensive income:						
Exchange translation difference ⁽¹⁾	100	185	(45.9)	434	4,804	(91.0)
Other comprehensive (loss)/income for the period, net of tax	100	185	(45.9)	434	4,804	(91.0)
Total comprehensive (loss)/income for the period	(1,333)	(3,794)	(64.9)	7,232	7,789	(7.2)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(205)	(6,732)	(97.0)	7,241	6,348	14.1
Minority interests	(1,128)	2,938	NM	(9)	1,441	NM
Total comprehensive (loss)/income for the period	(1,333)	(3,794)	(64.9)	7,232	7,789	(7.2)

(1) The strengthening of Singapore Dollars against the Chinese Renminbi during 9M FY2011 resulted in a lower translation exchange gain for the Group.

Note:

The Group (loss)/profit before taxation is arrived at after charging/(crediting):

	Group (Third Quarter)			Group (Nine Months)		
	RMB'000		%	RMB'000		%
	3 months ended 31 Dec 2010 (Q3 FY2011)	3 months ended 31 Dec 2009 (Q3 FY2010)	Increase/ (Decrease)	9 months ended 31 Dec 2010 (9M FY2011)	9 months ended 31 Dec 2009 (9M FY2010)	Increase/ (Decrease)
Amortisation of intangible assets	315	315	-	945	945	-
Bad debts written off	-	-	-	56	-	NM
Depreciation of property, plant and equipment	2,798	2,647	5.7	8,405	7,943	5.8
Exchange loss/(gain)	273	(431)	NM	1,546	117	NM
Loss/(gain) on disposal of property, plant and equipment	6	49	(87.8)	(96)	148	NM
Interest income	(89)	(184)	(51.6)	(258)	(452)	(42.9)
Interest expense	2,108	1,506	40.0	5,826	4,047	44.0
Operating lease rentals	3,575	4,378	(18.3)	11,423	12,530	(8.8)
Property, plant and equipment written off	-	-	-	5	22	(77.3)
Provision for inventory obsolescence ^(A)	3,000	-	NM	3,000	-	NM
Impairment for property, plant and equipment ^(A)	1,500	-	NM	1,500	-	NM

(A) Expenses arising from the closure of production base in Wuxi (See Note 10).

NM: Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 2010	31 Mar 2010	31 Dec 2010	31 Mar 2010
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	276,375	248,411	7	12
Intangible assets	1,573	2,518	-	-
Investment in subsidiaries	-	-	286,438	286,438
Associated companies	19,118	-	13,500	13,500
Goodwill	23,337	23,337	-	-
	320,403	274,266	299,945	299,950
Current				
Inventories	320,216	263,721	-	-
Trade and other receivables	156,457	146,016	55	629
Available-for-sale financial assets	2,998	3,876	-	-
Amounts owing by related parties	71,274	28,004	-	-
Amounts owing by corporate shareholders of subsidiaries	10,069	10,069	-	-
Amounts owing by associated companies	67,334	92,595	-	-
Amount owing by subsidiaries (non-trade)	-	-	14,410	10,432
Cash and cash equivalents	66,005	87,566	855	1,716
	694,353	631,847	15,320	12,777
TOTAL ASSETS	1,014,756	906,113	315,265	312,727
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	164,076	162,322	808	(2,662)
Equity attributable to equity holders of the Company	476,560	474,806	313,292	309,822
Minority interests	26,283	26,292	-	-
TOTAL EQUITY	502,843	501,098	313,292	309,822
LIABILITIES				
Non-current				
Bank borrowings	-	50,000	-	-
Deferred tax liabilities	885	1,155	-	-
Trade and other payables	34,582	38,679	-	-
	35,467	89,834	-	-
Current				
Trade and other payables	296,546	197,895	1,973	2,885
Amounts owing to related parties	23,569	50,843	-	-
Amounts owing to corporate shareholders of subsidiaries	30,651	29,212	-	-
Amount owing to an associated company	-	1,910	-	-
Bank borrowings	120,000	30,000	-	-
Deferred income	2,824	1,541	-	-
Current tax payable	2,856	3,780	-	20
	476,446	315,181	1,973	2,905
TOTAL EQUITY AND LIABILITIES	1,014,756	906,113	315,265	312,727

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 Dec 2010		As at 31 March 2010	
Secured	Unsecured ⁽¹⁾	Secured	Unsecured ⁽¹⁾
RMB'000	RMB'000	RMB'000	RMB'000
90,000	67,474	30,000	68,349

Amount repayable after one year

As at 31 Dec 2010		As at 31 March 2010	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	50,000	-

Details of any collateral

The RMB90.0 million (31 March 2010 – RMB80.0 million) bank borrowings are secured by certain leasehold buildings and land use rights from a related company with common director, Fushun Yongmao Engineering Machinery Co., Ltd.

The increase in bank borrowings is for the purpose of increasing the working capital.

Note (1):

The unsecured loans include the following:

- a) RMB21.8 million (31 March 2010 – RMB21.8 million), of which RMB18.4 million (31 March 2010 – RMB18.4 million) was interest-bearing, was from a corporate shareholder to Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd ("Beijing Yongmao") for the purpose of increasing the working capital of Beijing Yongmao.
- b) RMB8.7 million (31 March 2010 – RMB8.7 million), interest-free, was from a related company of a corporate shareholder to Beijing Yongmao for the purpose of increasing the working capital of Beijing Yongmao.
- c) RMB Nil (31 March 2010 – RMB34.0 million), interest-free, was from a related party to Fushun Yongmao Construction Machinery Co., Ltd ("Fushun Yongmao") for the purpose of increasing the working capital of Fushun Yongmao and funding of investments in associated companies.
- d) RMB7.0 million (31 March 2010 – RMB3.8 million), interest-free, was from another related party to Fushun Yongmao for the purpose of increasing the working capital of Fushun Yongmao.
- e) RMB30.0 million (31 March 2010 – RMB Nil) bank borrowing granted to Fushun Yongmao for the purpose of increasing the working capital of Fushun Yongmao. This bank borrowing is guaranteed by Beijing Yongmao.

The above balances are recorded in current liabilities.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Third Quarter)		Group (Nine Months)	
	RMB'000 3 months ended 31 Dec 2010 (Q3 FY2011)	RMB'000 3 months ended 31 Dec 2009 (Q3 FY2010)	RMB'000 9 months ended 31 Dec 2010 (9M FY2011)	RMB'000 9 months ended 31 Dec 2009 (9M FY2010)
Cash flow from operating activities				
Profit/(loss) before taxation	977	(3,531)	13,574	3,812
Adjustments for:				
Share of results of associated companies	594	(409)	(2,095)	(696)
Unrealised profits from sale of towercranes to associated companies eliminated	1,016	1,984	4,544	4,970
Amortisation of intangible assets	315	315	945	945
Depreciation of property, plant and equipment	2,798	2,647	8,405	7,943
Loss/(gain) on disposal of property, plant and equipment	6	49	(96)	148
Property, plant and equipment written off	-	-	5	22
Provision for inventory obsolescence	3,000	-	3,000	-
Impairment for property, plant and equipment	1,500	-	1,500	-
Interest expense	2,108	1,506	5,826	4,047
Interest income	(89)	(184)	(258)	(452)
Operating profit before working capital changes	12,225	2,377	35,350	20,739
Increase in inventories	(7,816)	(19,021)	(59,486)	(31,637)
(Increase)/decrease in operating receivables	(54,971)	18,314	(38,569)	(34,975)
Increase in operating payables	43,570	24,492	95,959	73,177
Cash (used in)/generated from operations	(6,992)	26,162	33,254	27,304
Interest paid	(1,829)	(1,506)	(6,208)	(3,499)
Tax paid	(1,916)	(691)	(7,975)	(720)
Net cash (used in)/generated from operating activities	(10,737)	23,965	19,071	23,085
Cash flow from investing activities				
Cash outflow on acquisition of a subsidiary	-	-	-	(10,000)
Acquisition of property, plant and equipment	(12,288)	(17,700)	(25,751)	(22,314)
Investment in an associated company	-	-	(20,284)	(9,000)
Proceeds from disposal of property, plant and equipment	2	382	107	498
Proceeds from sale of available-for-sale financial assets	-	364	878	1,738
Interest received	89	184	258	452
Net cash used in investing activities	(12,197)	(16,770)	(44,792)	(38,626)
Cash flow from financing activities				
Bank borrowings obtained	-	-	40,000	30,000
Advances from/(repayment to) related parties	7,000	(6,700)	(30,876)	17,300
Repayment from/(advances to) an associated company	-	16,500	-	(13,500)
Dividends paid to a minority shareholder	-	(810)	-	(810)
Dividends paid	-	-	(5,487)	(10,535)
Net cash generated from financing activities	7,000	8,990	3,637	22,455
Net (decrease)/increase in cash and cash equivalents	(15,934)	16,185	(22,084)	6,914
Cash and cash equivalents at beginning of period	76,844	101,773	82,566	106,748
Exchange adjustments	95	169	523	4,465
Cash and cash equivalents at end of period	61,005	118,127	61,005	118,127

	Group	
	RMB'000	RMB'000
	31 Dec 2010	31 Dec 2009
<u>Analysis of cash and cash equivalents</u>		
Cash on hand	332	695
Bank balances	65,673	113,432
Fixed deposits	-	4,000
	66,005	118,127
Restricted bank balances	(5,000)	-
	61,005	118,127

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Merger reserve	Retained profits	Statutory common reserve	Exchange fluctuation reserve	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:								
Balance as at								
1 Apr 2010	312,484	(26,769)	161,469	28,501	(879)	474,806	26,292	501,098
Total comprehensive income for the period	-	-	7,112	-	334	7,446	1,119	8,565
Transfer to statutory common reserve	-	-	(2,296)	2,296	-	-	-	-
Dividends	-	-	(5,487)	-	-	(5,487)	-	(5,487)
Balance as at								
30 Sept 2010	312,484	(26,769)	160,798	30,797	(545)	476,765	27,411	504,176
Total comprehensive (loss)/income for the period	-	-	(305)	-	100	(205)	(1,128)	(1,333)
Transfer to statutory common reserve	-	-	(4,130)	4,130	-	-	-	-
Balance as at								
31 Dec 2010	312,484	(26,769)	156,363	34,927	(445)	476,560	26,283	502,843

Group	Share capital	Merger reserve	Retained profits	Statutory common reserve	Exchange fluctuation reserve	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Previous year:								
Balance as at 1 Apr 2009	312,484	(26,769)	157,184	26,224	(5,694)	463,429	25,249	488,678
Total comprehensive income/(loss) for the period	-	-	8,461	-	4,619	13,080	(1,497)	11,583
Transfer from statutory common reserve	-	-	(197)	197	-	-	-	-
Dividends	-	-	(10,535)	-	-	(10,535)	-	(10,535)
Balance as at 30 Sept 2009	312,484	(26,769)	154,913	26,421	(1,075)	465,974	23,752	489,726
Total comprehensive (loss)/income for the period	-	-	(6,917)	-	185	(6,732)	2,938	(3,794)
Transfer from statutory common reserve	-	-	(1,829)	1,829	-	-	-	-
Dividends	-	-	-	-	-	-	(810)	(810)
Balance as at 31 Dec 2009	312,484	(26,769)	146,167	28,250	(890)	459,242	25,880	485,122

Company	Share capital	(Accumulated losses)/ Retained profits	Exchange fluctuation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Current year				
Balance as at 1 Apr 2010	312,484	(1,510)	(1,152)	309,822
Total comprehensive income for the period	-	9,379	515	9,894
Dividends	-	(5,487)	-	(5,487)
Balance as at 30 Sept 2010	312,484	2,382	(637)	314,229
Total comprehensive (loss)/income for the period	-	(1,063)	126	(937)
Balance as at 31 Dec 2010	312,484	1,319	(511)	313,292

Company	Share capital	(Accumulated losses)/ Retained profits	Exchange fluctuation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Previous year				
Balance as at 1 Apr 2009	312,484	(5,092)	(6,230)	301,162
Total comprehensive income for the period	-	17,690	4,934	22,624
Dividends	-	(10,535)	-	(10,535)
Balance as at 30 Sept 2009	312,484	2,063	(1,296)	313,251
Total comprehensive (loss)/income for the period	-	(1,609)	119	(1,490)
Balance as at 31 Dec 2009	312,484	454	(1,177)	311,761

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 March 2010. As at 31 December 2010, the total number of shares issued by the Company is 443,750,000.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the end of the current financial period and as at the end of the immediately preceding year.**

	31 December 2010	31 March 2010
Total number of issued shares (excluding treasury shares)	443,750,000	443,750,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation as the audited financial statements for the financial year ended 31 March 2010. In addition, the Group has also adopted various revisions to the FRS, which became effective during the financial period ended 31 December 2010. The said adoption has no significant impact to the financial statements of the Group.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to Para 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group (Third Quarter)		Group (Nine Months)	
	RMB'000		RMB'000	
	3 months ended 31 Dec 2010 (Q3 FY2011)	3 months ended 31 Dec 2009 (Q3 FY2010)	9 months ended 31 Dec 2010 (9M FY2011)	9 months ended 31 Dec 2009 (9M FY2010)
(Loss)/Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	(305)	(6,917)	6,807	1,544
Weighted average no. of shares used in computation of basic earning per shares	443,750,000	443,750,000	443,750,000	443,750,000
(Loss)/Earnings per share (in cents RMB)				
(a) Based on weighted average number of ordinary shares on issue	(0.07)	(1.56)	1.53	0.35
(b) On a fully diluted basis	(0.07)	(1.56)	1.53	0.35

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	31 Dec 2010	31 Mar 2010	31 Dec 2010	31 Mar 2010
Net asset value per ordinary share (RMB cents)	107.40	107.00	70.60	69.82

Net asset value per share for the Group and the Company for 31 December 2010 and 31 March 2010 has been computed based on shareholders' equity as at the respective dates and the number of shares of 443,750,000 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF INCOME STATEMENT OF THE GROUP

Third Quarter FY2011 ("Q3 FY2011") vs Third Quarter FY2010 ("Q3 FY2010")

Revenue

Group revenue increased 40.4% to RMB166.2 million in Q3 FY2011 as compared to RMB118.3 million in Q3 FY2010 mainly due to improvement in the Asia (outside the PRC) and the PRC sales. Overall, Asia (outside the PRC) and the PRC sales increased 44.4% to RMB144.6 million in Q3 FY2011 from RMB100.1 million in Q3 FY2010.

Gross profit and gross profit margin

Gross profit increased to RMB45.9 million in Q3 FY2011 from RMB27.1 million in Q3 FY2010. The increase was mainly due to higher revenue and average gross profit margin.

Average gross profit margin increased to 27.6% in Q3 FY2011 from 22.9% in Q3 FY2010. The increase was mainly attributed to higher sales of the higher margin Luffing series and larger STT series towercranes.

Operating expenses

Total operating expenses increased to RMB45.0 million in Q3 FY2011 as compared to RMB31.7 million in Q3 FY2010.

Administrative expenses increased to RMB19.6 million in Q3 FY2011 mainly due to higher employee benefits costs, office expenses and professional fees incurred partly offset by lower land use rights tax.

Distribution costs increased to RMB18.1 million in Q3 FY2011 mainly due to increase in freight and transportation cost and sales service expenses in line with the higher sales.

Other operating expenses increased to RMB5.2 million in Q3 FY2011 mainly due to provision of inventory obsolescence and impairment of property, plant and equipment arising from the winding down of the production base in the subsidiary, Wuxi Yongmao Tower Crane Co., Ltd ("Wuxi Yongmao") (See Note 10) and the increase in exchange loss from the weakening of United States dollars against Singapore dollars and China Yuan.

Finance costs increased to RMB2.1 million in Q3 FY2011 due to higher bank borrowings.

Share of results of associated companies

Share of results of associated companies amounted to a loss of RMB0.6 million in Q3 FY2011 mainly due to the maiden administrative cost of Tat Hong Zhaomao Investment Co., Ltd ("THZMI") and higher operating loss at Sichuan Tat Hong Yuan Zheng Machinery Construction Co., Ltd ("SCTH"). THZMI was incorporated in April 2010 and SCTH has just commenced operations in March 2010.

Taxation

Income tax expense increased to RMB2.4 million in Q3 FY2011 in line with the higher profit before taxation for the period. The higher effective tax rate in Q3 FY2010 was mainly due to losses incurred in Wuxi Yongmao.

Profit before taxation and Net loss attributable to shareholders

Profit before taxation increased to RMB1.0 million in Q3 FY2011 compared to a loss of RMB3.5 million in Q3 FY2010. This was mainly due to higher revenue and gross profit incurred for the period offset by expenses relating to the closure of Wuxi Yongmao. Net loss attributable to shareholders decreased to RMB0.3 million in Q3 FY2011 from RMB6.9 million in Q3 FY2010. This was mainly due to higher profit before taxation offset by increase in income tax expense and share of loss of minority interests arising from the loss in the 80% owned subsidiary, Wuxi Yongmao. Excluding expenses relating to the closure of Wuxi Yongmao, profit before taxation and net profit attributable to shareholders will be higher at RMB5.5 million and RMB4.2 million respectively.

Nine Months FY2011 (“9M FY2011”) vs Nine Months FY2010 (“9M FY2010”)**Revenue**

Group revenue increased 41.2% to RMB428.3 million in 9M FY2011 as compared to RMB303.3 million in 9M FY2010 mainly due to an improvement in Asia (outside the PRC) and the PRC sales by 212.7% and 32.6% respectively as compared to 9M FY2010. Overall, Asia (outside the PRC) and the PRC sales formed 86.6% of revenue in 9M FY2011, up from 82.4% in 9M FY2010.

Gross profit and gross profit margin

Gross profit increased to RMB112.8 million in 9M FY2011 from RMB78.4 million in 9M FY2010. The increase was mainly due to higher revenue and average gross profit margin.

Average gross profit margin increased to 26.3% in 9M FY2011 from 25.8% in 9M FY2010. The increase was mainly attributed to higher sales of the higher margin Luffing series towercranes.

Other operating income

Other operating income decreased by RMB4.5 million in 9M FY2011 mainly due to lower government grants received.

Operating expenses

Total operating expenses increased to RMB104.2 million in 9M FY2011 as compared to RMB82.7 million in 9M FY2010.

Administrative expenses increased to RMB48.5 million in 9M FY2011 mainly due to higher employee benefits costs, office expenses and professional fees incurred partly offset by lower land use rights tax

Distribution costs increased to RMB43.1 million in 9M FY2011 mainly due to increase in freight and transportation cost and sales service expenses in line with the higher sales.

Other operating expenses increased to RMB6.8 million in 9M FY2011 mainly due to provision of inventory obsolescence and impairment of property, plant and equipment arising from the winding down of the production base in Wuxi Yongmao (See Note 10) and the increase in exchange loss from the weakening of United States dollars against Singapore dollars and China Yuan.

Finance costs increased to RMB5.8 million in 9M FY2011 due to higher bank borrowings.

Share of results of associated companies

Share of profits of associated companies increased to RMB2.1 million in 9M FY2011 mainly due to the profits from Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd (“BJTH”). The associated companies, BJTH and SETH commenced operations in May 2009 and March 2010 respectively. THZMI was incorporated in April 2010.

Taxation

Income tax expense increased to RMB6.8 million in 9M FY2011 in line with the higher profit before taxation for the period. The higher effective tax rate in Q3 FY2010 was mainly due to losses incurred in Wuxi Yongmao.

Profit before taxation and Net profit attributable to shareholders

Profit before taxation increased to RMB13.6 million in 9M FY2011 from RMB3.8 million in 9M FY2010 while net profit attributable to shareholders increased to RMB6.8 million in 9M FY2011 from RMB1.5 million in 9M FY2010. This was mainly due to higher revenue and gross profit for the period, partly offset by higher operating expenses, expenses relating to the closure of Wuxi Yongmao and income tax expense. Excluding expenses relating to the closure of Wuxi Yongmao, profit before taxation and net profit attributable to shareholders will be higher at RMB18.1 million and RMB11.3 million respectively.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets increased to RMB320.4 million mainly due to investment in a newly set-up associated company, Tat Hong Zhaomao Investment Co., Ltd, and additions of property, plant and equipment arising from construction of new manufacturing facilities. The increase was partly offset by depreciation and amortisation expenses charged for the period.

Current Assets

Current assets increased by RMB62.5 million to RMB694.4 million as at 31 December 2010 mainly due to higher inventory and receivables from related parties partly offset by decrease in amounts owing by associated companies.

Inventories increased by RMB56.5 million in anticipation of the higher demand.

Amounts due from related parties increased mainly due to sales during the period.

Amounts due from associated companies decreased mainly due to repayment of trade debts.

Non-current Liabilities

Non-current liabilities decreased by RMB54.4 million mainly due to reclassification of the 3-year term bank loan of RMB50.0 million taken in FY2009 for working capital and for financing the investments in subsidiaries and associated companies to current liabilities as this bank loan is due in April 2011.

Deferred tax liabilities arose from the acquisition of Beijing Yongmao. Non-current trade and other payables relate to a defined benefit plan obligation sponsored by Beijing Yongmao.

Current Liabilities

Current liabilities increased by RMB161.3 million to RMB476.4 million as at 31 December 2010 mainly due to the increase in bank loans of RMB90.0 million, of which, RMB40.0 million was obtained during the period for working capital whilst RMB50.0 million was reclassified from non-current liabilities.

Trade and other payables increased to RMB296.5 million as at 31 December 2010 mainly due to increase in advances received from customers and trade and bills payables.

Amounts owing to related parties decreased due to repayment of advances partly offset by trade advances from a related party.

Deferred income of RMB2.8 million related to unrealised profits from sales of towercranes to associated companies after net off against Investment in Associated companies in accordance with accounting standards. Any credit balances was classified as deferred income under current liabilities.

Shareholders' Equity

As at 31 December 2010, shareholders' equity amounted to RMB476.6 million. The increase in shareholders' equity was mainly due net profit of RMB6.8 million for 9M FY2011 offset by dividends paid.

REVIEW OF CASHFLOW STATEMENT

Third Quarter FY2011 ("Q3 FY2011") vs Third Quarter FY2010 ("Q3 FY2010")

The Group reported a net decrease in cash and cash equivalents amounting to RMB15.9 million in Q3 FY2011 mainly due to:

- a) Net cash used in operating activities in Q3 FY2011 of RMB10.7 million from increase in operating receivables and inventory in line with the increase in sales and higher inventory purchases respectively. This was partly offset by increase in operating payables resulting from more advances received from customers; and
- b) Net cash used in investing activities from deposits and progress payments paid in relation to the purchase of property, plant and equipment for the new factory; and
- c) Net cash generated from financing activities in Q3 FY2011 from advances received from related parties.

Nine Months FY2011 (“9M FY2011”) vs Nine Months FY2010 (“9M FY2010”)

The Group reported a net decrease in cash and cash equivalents amounting to RMB22.1 million in 9M FY2011 mainly due to:

- a) Net cash used in investing activities from deposits and progress payments paid in relation to the purchase of property, plant and equipment for the new factory, and investment in a newly set-up associated company, THZMI;
- b) Net cash generated from operating activities in 9M FY2011 of RMB19.1 million from profits for the period and increase in operating payables resulting from more advances received from customers. This was partly offset by increase in inventory from more inventory purchases and increase in operating receivables in line with the increase in revenue; and
- c) Net cash generated from financing activities in 9M FY2011 from new bank borrowings obtained. This is partly offset by repayment of advances to related parties and dividends paid.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Sales in the PRC will continue to form a significant portion of the Group's turnover and this trend is expected to continue. Sales to overseas markets such as Hong Kong and Singapore are also improving as the respective economy continues to post stronger growth.

In January 2011, the Group has incorporated a wholly-owned subsidiary in Hong Kong to expand the Group's sales and rental activity in Hong Kong.

The construction of the new manufacturing buildings was recently completed in October 2010. The Group is progressively equipping the new manufacturing buildings and will commenced operations to meet the demand of our towercranes.

As part of the Group's effort to consolidate production in Beijing Yongmao and Fushun Yongmao, the Group has wind down its production base in Wuxi Yongmao. Wuxi Yongmao has since become dormant.

Our profitability in the fourth quarter ending 31 March 2011 (“Q4 FY2011”) is expected to be significantly lower than that achieved in the same quarter in FY2010 due to higher proportion of lower margin towercranes sales and higher operating expenses expected in Q4 FY2011. As such, our results for full year ending 31 March 2011 (“FY2011”) is also likely to be significantly lower than that achieved in FY2010.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for Q3 FY2011.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended for Q3 FY2010.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments, segment revenue and trade receivables are based on the geographical location of customers. Segment information by business segments is not presented as the Group's business relates solely to the manufacture and sales of tower cranes and tower crane components.

Revenue	Middle East, Asia & Others (excluding PRC) RMB'000	USA & Europe RMB'000	PRC RMB'000	Consolidated RMB'000
FY2011				
Q3	37,191	18,531	110,439	166,161
9M	80,017	45,685	302,634	428,336
FY2010				
Q3	18,280	12,271	87,766	118,317
9M	45,074	29,988	228,284	303,346

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Paragraph 8.

15. A breakdown of sales and profit after taxation

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	Latest Full Year (\$)	Previous Full Year (\$)
Ordinary	-	-
Preference	-	-
Total:	-	-

17. Interested Party Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)				Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)			
	3 months ended 31 Dec 2010 (Q3 FY2011) RMB'000	3 months ended 31 Dec 2009 (Q3 FY2010) RMB'000	9 months ended 31 Dec 2010 (9M FY2011) RMB'000	9 months ended 31 Dec 2009 (9M FY2010) RMB'000	3 months ended 31 Dec 2010 (Q3 FY2011) RMB'000	3 months ended 31 Dec 2009 (Q3 FY2010) RMB'000	9 months ended 31 Dec 2010 (9M FY2011) RMB'000	9 months ended 31 Dec 2009 (9M FY2010) RMB'000
Sales to related parties								
Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司)	-	-	-	-	13	2,033	16,368	6,575
China Nuclear Huaxing TatHong Machinery Construction Co., Ltd (中核华兴达丰机械工程有限公司)	-	-	-	-	28,965	13,199	53,912	15,136
Jiangsu Zheng He TatHong Equipment Rental Co., Ltd (江苏正和达丰机械租赁有限公司)	-	-	-	-	-	(76)	-	48,321
Beijing Weiteng Special Purpose Auto Co., Ltd (北京威腾专用汽车有限责任公司)	-	3,932	-	3,932	-	-	-	-
Shanghai Zhaomao Engineering Machinery Co., Ltd. (上海兆茂工程机械有限公司)	5,316	-	5,316	-	-	-	-	-
Sales to associated companies								
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd (北京达丰兆茂机械租赁有限公司)	-	-	-	-	5,311	8,374	28,795	28,977
Sichuan Tat Hong Yuan Zheng Machinery Construction Co., Ltd (四川达丰元正机械工程有限公司)	-	-	-	-	7,016	-	16,868	-
Rental charged by related parties								
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	1,500	1,500	4,500	3,900	-	-	-	-
Fushun Engineering Machinery Manufacturing Co., Ltd (抚顺工程机械制造有限公司)	900	900	2,700	2,700	-	-	-	-
Other income charged to an associated company								
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd (北京达丰兆茂机械租赁有限公司)	1,626	-	1,626	-	-	-	-	-

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, the Executive Directors of Yongmao Holdings Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the nine months ended 31 December 2010 to be false or misleading in any material aspect.

Sun Zhao Lin
Executive Director

Tian Ruo Nan
Executive Director

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
9 February 2011