

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

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

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

Group income statement and statement of comprehensive income for the financial period ended 30 September 2013. These figures have not been audited.

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sept 2013 (Q2 FY2014)	3 months ended 30 Sept 2012 (Q2 FY2013)	Increase/ (Decrease)	6 months ended 30 Sept 2013 (First Half FY2014)	6 months ended 30 Sept 2012 (First Half FY2013)	Increase/ (Decrease)
Revenue	232,099	181,195	28.1	490,582	359,814	36.3
Cost of sales	(171,735)	(133,849)	28.3	(368,684)	(270,709)	36.2
Gross profit	60,364	47,346	27.5	121,898	89,105	36.8
Other operating income	712	698	2.0	1,894	1,254	51.0
Distribution costs	(16,068)	(17,051)	(5.8)	(32,229)	(28,929)	11.4
Administrative expenses	(19,339)	(17,884)	8.1	(38,458)	(34,113)	12.7
Other operating expenses	(1,345)	2,351	NM	(4,603)	2,410	NM
Finance costs	(5,930)	(5,444)	8.9	(11,393)	(10,788)	5.6
Total operating expenses	(42,682)	(38,028)	12.2	(86,683)	(71,420)	21.4
Profit from operations	18,394	10,016	83.6	37,109	18,939	95.9
Share of results of associated companies, net of tax	821	1,759	(53.3)	487	2,835	(82.8)
Gain on disposal of a subsidiary	-	297	NM	-	297	NM
Profit before taxation	19,215	12,072	59.2	37,596	22,071	70.3
Taxation	(4,622)	(3,504)	31.9	(8,320)	(6,017)	38.3
Net profit for the period	14,593	8,568	70.3	29,276	16,054	82.4
Attributable to:						
Equity holders of the Company	14,877	8,433	76.4	27,951	14,524	92.4
Non-controlling interests	(284)	135	NM	1,325	1,530	(13.4)
Net profit for the period	14,593	8,568	70.3	29,276	16,054	82.4

NM: Not Meaningful

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sept 2013 (Q2 FY2014)	3 months ended 30 Sept 2012 (Q2 FY2013)	Increase/ (Decrease)	6 months ended 30 Sept 2013 (First Half FY2014)	6 months ended 30 Sept 2012 (First Half FY2013)	Increase/ (Decrease)
Net profit for the period	14,593	8,568	70.3	29,276	16,054	82.4
Other comprehensive (expense)/income:						
Exchange translation difference	(12)	1,580	NM	(1)	1,063	NM
Other comprehensive (expense)/income for the period, net of tax	(12)	1,580	NM	(1)	1,063	NM
Total comprehensive income for the period	14,581	10,148	43.7	29,275	17,117	71.0
Total comprehensive income/(expense) attributable to:						
Equity holders of the Company	14,865	10,013	48.5	27,950	15,587	79.3
Non-controlling interests	(284)	135	NM	1,325	1,530	(13.4)
Total comprehensive income for the period	14,581	10,148	43.7	29,275	17,117	71.0

Note:

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

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sept 2013 (Q2 FY2014)	3 months ended 30 Sept 2012 (Q2 FY2013)	Increase/ (Decrease)	6 months ended 30 Sept 2013 (First Half FY2014)	6 months ended 30 Sept 2012 (First Half Y2013)	Increase/ (Decrease)
Allowance for impairment of trade receivables	1,000	-	NM	1,000	-	NM
Amortisation of intangible assets	25	108	(76.9)	133	216	(38.4)
Depreciation of property, plant and equipment ¹	8,018	5,908	35.7	16,131	11,583	39.3
Exchange loss/(gain)	192	(2,437)	NM	1,458	(2,589)	NM
Loss/(gain) on disposal of property, plant and equipment	17	-	NM	(509)	(18)	NM
Interest income	(264)	(356)	(25.8)	(604)	(671)	(10.0)
Interest expense	5,930	5,444	8.9	11,393	10,788	5.6
Operating lease rentals	1,843	2,962	(37.8)	3,698	6,082	(39.2)
Property, plant and equipment written off ²	-	-	NM	1,868	-	NM
Provision for inventory obsolescence ³	-	-	NM	3,409	-	NM

NM: Not Meaningful

Note:

- Increase due to depreciation of new manufacturing facilities.
- Write off of plant structure and renovation that are no longer in use.
- Provision for inventory obsolescence of certain finished goods that decline in value arising from technological changes.

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

	Group		Company	
	30 Sept 2013	31 Mar 2013	30 Sept 2013	31 Mar 2013
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	368,904	380,203	-	-
Intangible assets	400	533	-	-
Subsidiaries	-	-	288,126	288,126
Associated companies	59,993	58,594	13,500	13,500
Trade and other receivables	1,339	1,475	-	-
Deferred costs	18,434	27,620	-	-
Deferred tax assets	17,305	16,307	-	-
	<u>466,375</u>	<u>484,732</u>	<u>301,626</u>	<u>301,626</u>
Current				
Inventories	320,862	301,561	-	-
Trade and other receivables	342,440	214,838	98	192
Deferred costs	44,680	53,336	-	-
Amounts owing by subsidiaries	-	-	39,122	54,262
Amounts owing by related parties	128,991	142,523	-	-
Amount owing by corporate shareholder of a subsidiary	631	399	-	-
Amount owing by an associated company	648	1,288	-	-
Cash and cash equivalents	122,666	137,813	11,873	4,387
	<u>960,918</u>	<u>851,758</u>	<u>51,093</u>	<u>58,841</u>
TOTAL ASSETS	<u>1,427,293</u>	<u>1,336,490</u>	<u>352,719</u>	<u>360,467</u>
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	195,714	173,168	29,213	35,963
Equity attributable to equity holders of the Company	<u>508,198</u>	<u>485,652</u>	<u>341,697</u>	<u>348,447</u>
Non-controlling interests	19,920	18,595	-	-
TOTAL EQUITY	<u>528,118</u>	<u>504,247</u>	<u>341,697</u>	<u>348,447</u>
LIABILITIES				
Non-current				
Bank borrowings	29,547	12,222	-	-
Deferred income	25,556	38,504	-	-
Deferred tax liabilities	9,724	9,759	8,977	8,977
Trade and other payables	27,998	29,346	-	-
	<u>92,825</u>	<u>89,831</u>	<u>8,977</u>	<u>8,977</u>
Current				
Trade and other payables	372,740	285,777	2,029	3,011
Bank borrowings	302,191	316,445	-	-
Deferred income	69,062	78,044	-	-
Amounts owing to related parties	34,678	38,699	-	-
Amounts owing to corporate shareholder of a subsidiary	23,353	21,298	-	-
Amounts owing to associated companies	1,596	1,239	-	-
Current tax payable	2,730	910	16	32
	<u>806,350</u>	<u>742,412</u>	<u>2,045</u>	<u>3,043</u>
TOTAL EQUITY AND LIABILITIES	<u>1,427,293</u>	<u>1,336,490</u>	<u>352,719</u>	<u>360,467</u>

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

As at 30 September 2013		As at 31 March 2013	
Secured ⁽¹⁾	Unsecured ⁽²⁾	Secured ⁽¹⁾	Unsecured ⁽²⁾
RMB'000	RMB'000	RMB'000	RMB'000
302,191	18,355	316,445	18,355

Amount repayable after one year

As at 30 September 2013		As at 31 March 2013	
Secured ⁽¹⁾	Unsecured	Secured ⁽¹⁾	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
29,547	-	12,222	-

Details of any collaterals**Note (1):**

The secured loans include the following:

- a) RMB Nil (31 March 2013 – RMB90.0 million) bank borrowings granted to Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao") secured by certain leasehold buildings and land use rights from a related party, Fushun Yongmao Engineering Machinery Co., Ltd.
- b) RMB137.0 million (31 March 2013 – RMB70.0 million) bank borrowings and trust receipts granted to Fushun Yongmao. These bank borrowings are guaranteed by Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") and a director of the Company and secured by the land use rights of Fushun Yongmao. As at 31 March 2013, the bank borrowings were guaranteed by Beijing Yongmao.
- c) RMB70.0 million (31 March 2013 – RMB70.0 million) bank borrowing granted to Fushun Yongmao. This bank borrowing is guaranteed by Beijing Yongmao and a director of the Company.
- d) RMB20.0 million (31 March 2013 – RMB Nil) bank borrowing granted to Fushun Yongmao. This bank borrowing is guaranteed by the Company.
- e) RMB40.9 million (31 March 2013 – RMB59.0 million) bank borrowings granted to Fushun Yongmao. These bank borrowings are guaranteed by Beijing Yongmao and certain directors of the Company.
- f) RMB23.0 million (31 March 2013 – RMB 22.8 million) bank borrowing granted to Fushun Yongmao. This bank borrowing is guaranteed by certain directors of the Company and secured by certain trade receivables. As at 31 March 2013, the bank borrowing was secured by certain trade receivables.
- g) RMB0.5 million (31 March 2013 – RMB0.7 million) in respect of motor vehicles acquired under finance leases.
- h) RMB40.3 million (31 March 2013 – RMB16.2 million) in respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.

The above bank borrowings are for the purpose of increasing the working capital.

Note (2):

The unsecured loans include the following:

- a) RMB18.4 million (31 March 2013 – RMB18.4 million), which was interest-bearing, was from a corporate shareholder to Beijing Yongmao for the purpose of increasing the working capital of Beijing Yongmao. This is included as part of "Amounts owing to corporate shareholder of a subsidiary" under current liabilities in the balance sheet.

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

	Group (Second Quarter)		Group (First Half)	
	RMB'000	RMB'000	RMB'000	RMB'000
	3 months ended 30 Sept 2013 (Q2 FY2014)	3 months ended 30 Sept 2012 (Q2 FY2013)	6 months ended 30 Sept 2013 (First Half FY2014)	6 months ended 30 Sept 2012 (First Half FY2013)
Cash flows from operating activities				
Profit before taxation	19,215	12,072	37,596	22,071
Adjustments for:				
Share of results of associated companies	(821)	(1,759)	(487)	(2,835)
Unrealised profits from sale of towercranes and towercrane accessories to associated companies	(272)	(295)	(531)	(590)
Amortisation of intangible assets	25	108	133	216
Depreciation of property, plant and equipment	8,018	5,908	16,131	11,583
Loss/(gain) on disposal of property, plant and equipment	17	-	(509)	(18)
Gain on disposal of a subsidiary	-	(297)	-	(297)
Property, plant and equipment written off	-	-	1,868	-
Allowance for inventory obsolescence	-	-	3,409	-
Interest expense	5,930	5,444	11,393	10,788
Interest income	(264)	(356)	(604)	(671)
Operating profit before working capital changes	31,848	20,825	68,399	40,247
(Increase)/decrease in inventories	(14,550)	26,364	(26,982)	27,613
Decrease/(increase) in deferred costs	10,082	(10,413)	17,842	(11,134)
Increase in operating receivables	(20,115)	(32,848)	(116,573)	(98,517)
Increase/(decrease) in operating payables	29,913	(29,394)	86,667	(1,886)
(Decrease)/increase in deferred income	(13,087)	14,319	(22,311)	16,716
Cash generated from/(used in) operations	24,091	(11,147)	7,042	(26,961)
Interest paid	(5,033)	(4,027)	(10,884)	(9,274)
Tax paid	(2,463)	(709)	(5,798)	(7,924)
Net cash generated from/(used in) operating activities	16,595	(15,883)	(9,640)	(44,159)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,805)	(2,922)	(4,131)	(8,106)
Investment in an associated company	-	(7,395)	-	(7,395)
Disposal of a subsidiary, net of cash disposed of	-	(281)	-	(281)
Proceeds from disposal of property, plant and equipment	-	161	1,497	294
Interest received	264	356	604	671
Net cash used in investing activities	(1,541)	(10,081)	(2,030)	(14,817)
Cash flows from financing activities				
Bank borrowings (repaid)/obtained	(21,476)	(11,383)	7,612	45,253
Repayment to finance lease creditors	(3,113)	(61)	(4,246)	(118)
Restricted bank balances	(12,541)	4,026	(2,175)	2,637
(Repayment to)/receipt from associated companies	(56)	-	357	89
Receipt from/(repayment to) from related parties	26	5,939	(1,082)	5,526
Receipt from/(repayment to) corporate shareholder of a subsidiary	-	4	(232)	4
Dividends paid to non-controlling interests	-	-	(195)	-
Dividends paid to equity holders of the Company	(5,404)	-	(5,404)	-
Net cash (used in)/generated from financing activities	(42,564)	(1,475)	(5,365)	53,391
Net decrease in cash and cash equivalents	(27,510)	(27,439)	(17,035)	(5,585)
Cash and cash equivalents at beginning of period	106,059	91,331	95,895	69,490
Exchange adjustments	24	215	(287)	202
Cash and cash equivalents at end of period	78,573	64,107	78,573	64,107

Analysis of cash and cash equivalents

	Group	
	RMB'000 30 Sept 2013	RMB'000 30 Sept 2012
Cash on hand	4,469	153
Bank balances	118,197	111,505
	122,666	111,658
Restricted bank balances	(44,093)	(47,551)
	78,573	64,107

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	Statutory common reserve	Retained profits	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:								
Balance as at 1 Apr 2013	312,484	(26,769)	47,024	151,191	1,722	485,652	18,595	504,247
Total comprehensive income for the period	-	-	-	13,074	11	13,085	1,609	14,694
Transfer to statutory common reserve	-	-	1,866	(1,866)	-	-	-	-
Balance as at 30 Jun 2013	312,484	(26,769)	48,890	162,399	1,733	498,737	20,204	518,941
Total comprehensive income/(expense) for the period	-	-	-	14,877	(12)	14,865	(284)	14,581
Transfer to statutory common reserve	-	-	1,335	(1,335)	-	-	-	-
Dividends	-	-	-	(5,404)	-	(5,404)	-	(5,404)
Balance as at 30 Sept 2013	312,484	(26,769)	50,225	170,537	1,721	508,198	19,920	528,118
Previous year:								
Balance as at 1 Apr 2012	312,484	(26,769)	42,547	133,404	590	462,256	18,915	481,171
Total comprehensive income/(expense) for the period	-	-	-	6,091	(517)	5,574	1,395	6,969
Transfer to statutory common reserve	-	-	806	(806)	-	-	-	-
Balance as at 30 Jun 2012	312,484	(26,769)	43,353	138,689	73	467,830	20,310	488,140
Total comprehensive income for the period	-	-	-	8,433	1,580	10,013	135	10,148
Transfer to statutory common reserve	-	-	3,114	(3,114)	-	-	-	-
Balance as at 30 Sept 2012	312,484	(26,769)	46,467	144,008	1,653	477,843	20,445	498,288

Company	Share capital RMB'000	Retained profits RMB'000	Total equity RMB'000
Current year:			
Balance as at 1 Apr 2013	312,484	35,963	348,447
Total comprehensive expense for the period	-	(592)	(592)
Balance as at 30 Jun 2013	312,484	35,371	347,855
Total comprehensive expense for the period	-	(754)	(754)
Dividends	-	(5,404)	(5,404)
Balance as at 30 Sept 2013	312,484	29,213	341,697

Company	Share capital RMB'000	Retained profits RMB'000	Total equity RMB'000
Previous year:			
Balance as at 1 Apr 2012	312,484	36,088	348,572
Total comprehensive expense for the period	-	(666)	(666)
Balance as at 30 Jun 2012	312,484	35,422	347,906
Total comprehensive expense for the period	-	(161)	(161)
Balance as at 30 Sept 2012	312,484	35,261	347,745

- 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 2013. As at 30 September 2013, 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.**

	30 September 2013	31 March 2013
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 2013 except that the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on 1 April 2013.

The adoption of these new or revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

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 (Second Quarter)		Group (First Half)	
	RMB'000		RMB'000	
	3 months ended 30 Sept 2013 (Q2 FY2014)	3 months ended 30 Sept 2012 (Q2 FY2013)	6 months ended 30 Sept 2013 (First Half FY2014)	6 months ended 30 Sept 2012 (First Half FY2013)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	14,877	8,433	27,951	14,524
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
Earnings per share (in cents RMB)				
(a) Based on weighted average number of ordinary shares on issue	3.35	1.90	6.30	3.27
(b) On a fully diluted basis	3.35	1.90	6.30	3.27

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	
	30 Sept 2013	31 Mar 2013	30 Sept 2013	31 Mar 2013
Net asset value per ordinary share (RMB cents)	114.52	109.44	77.00	78.52

Net asset value per share for the Group and the Company for 30 September 2013 and 31 March 2013 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

Second Quarter FY2014 ("Q2 FY2014") vs Second Quarter FY2013 ("Q2 FY2013")

Revenue

Group revenue increased 28.1% to RMB232.1 million in Q2 FY2014 as compared to RMB181.2 million in Q2 FY2013 mainly from improvement in the PRC and Middle East sales by 41.8% and 729.1% respectively as a result of stronger demand in these markets. This was offset slightly by decline in Asia (outside the PRC) sales by 16.9% due to weaker demand. Overall, PRC sales still formed the bulk of the turnover of the Group, amounting to 67.6% of revenue in Q2 FY2014 as compared to 61.0% of revenue in Q2 FY2013.

Gross profit and gross profit margin

Gross profit increased to RMB60.4 million in Q2 FY2014 from RMB47.3 million in Q2 FY2013. The increase was mainly due to higher revenue, partly offset by slight decrease in average gross profit margin.

Average gross profit margin decreased slightly to 26.0% in Q2 FY2014 from 26.1% in Q2 FY2013. The decrease was mainly attributed to higher sales of the smaller and lower margin ST series towercranes in the Middle East and the PRC markets, partly offset by higher sales of the higher margin luffing series towercranes in Asia (outside the PRC) and the PRC markets.

Operating expenses

Total operating expenses increased to RMB42.7 million in Q2 FY2014 as compared to RMB38.0 million in Q2 FY2013.

Distribution costs decreased to RMB16.1 million in Q2 FY2014 mainly due to lower rental expenses as the lease of the old factory in Fushun City was terminated in December 2012. This was partly offset by higher freight and transportation costs and sales service expenses which increased in line with the higher sales.

Administrative expenses increased to RMB19.3 million in Q2 FY2014 mainly due to increase in employee benefits costs and depreciation expenses. Depreciation expenses increased mainly due to assets acquired for the new office premises in the new manufacturing facilities.

Other operating expenses amounted to RMB1.3 million in Q2 FY2014 as compared to a credit balance of RMB2.4 million in Q2 FY2013, mainly due to foreign exchange loss from the weakening of Singapore and Hong Kong dollars against Chinese Yuan and an allowance for impairment of trade receivables of RMB1.0 million in Q2 FY2014. In Q2 FY2013, the credit balance of RMB2.4 million is due to foreign exchange gain from the strengthening of Singapore dollars against China Yuan.

Finance costs increased to RMB5.9 million in Q2 FY2014 due to higher bank borrowings.

Share of results of associated companies

Share of profits of associated companies decreased to RMB0.8 million in Q2 FY2014 from RMB1.8 million in Q2 FY2013 mainly due to lower average utilisation of towercranes and higher operating expenses in Tat Hong Zhaomao Investment Co., Ltd. ("THZMI") group of companies.

Gain on disposal of a subsidiary

Gain on disposal of a subsidiary in Q2 FY2013 was resulted from the disposal of Jiangsu Hengxingmao Financial Leasing Co., Ltd.

Taxation

Income tax expense increased to RMB4.6 million in Q2 FY2014 in line with higher profit for the financial period.

Profit before taxation and Net profit attributable to equity holders of the Company

Profit before taxation increased to RMB19.2 million in Q2 FY2014 from RMB12.1 million in Q2 FY2013 and net profit attributable to equity holders of the Company increased to RMB14.9 million in Q2 FY2014 from RMB8.4 million in Q2 FY2013. This was mainly due to higher revenue, partly offset by lower average gross profit margin, higher operating expenses, lower share of profits of associated companies and higher income tax expense for the financial period.

First Half FY2014 ("1H FY2014") vs First Half FY2013 ("1H FY2013")

Revenue

Group revenue increased 36.3% to RMB490.6 million in 1H FY2014 as compared to RMB359.8 million in 1H FY2013 mainly from improvement in the PRC and Middle East sales by 47.0% and 276.1% respectively as a result of stronger demand in these markets. Overall, PRC sales still formed the bulk of the turnover of the Group, amounting to 71.8% of revenue in 1H FY2014 as compared to 66.5% of revenue in 1H FY2013.

Gross profit and gross profit margin

Gross profit increased to RMB121.9 million in 1H FY2014 from RMB89.1 million in 1H FY2013. The increase was mainly due to higher revenue.

Average gross profit margin remained constant at 24.8% in 1H FY2014 as compared to 1H FY2013. In 1H FY2014, higher sales of the higher margin luffing series towercranes in Asia (outside the PRC) and the PRC markets, was partly offset by provision for stock obsolescence in Q1 FY2014.

Other operating income

Other operating income increased to RMB1.9 million in 1H FY2014 mainly due to gain on disposal of machinery and rental income from rental of office premises, staff hostels and storage yard.

Operating expenses

Total operating expenses increased to RMB86.7 million in 1H FY2014 as compared to RMB71.4 million in 1H FY2013.

Distribution costs increased to RMB32.2 million in 1H FY2014 as freight and transportation costs and sales service expenses increased in line with the higher sales. This was partly offset by lower rental expenses as the lease of the old factory in Fushun City was terminated in December 2012.

Administrative expenses increased to RMB38.5 million in 1H FY2014 mainly due to increase in employee benefits costs, depreciation expenses, professional fees, transportation and travelling expenses and withholding tax and property tax expenses. Depreciation expenses increased mainly due to assets acquired for the new office premises in the new manufacturing facilities.

Other operating expenses amounted to RMB4.6 million in 1H FY2014 as compared to a credit balance of RMB2.4 million in 1H FY2013, mainly due to foreign exchange loss from the weakening of Singapore and Hong Kong dollars against China Yuan, plant and renovation written off, and an allowance for impairment of trade receivables of RMB1.0 million in 1H FY2014. In 1H FY2013, the credit balance of RMB2.4 million is due to foreign exchange gain from the strengthening of Singapore dollars against China Yuan.

Finance costs increased to RMB11.4 million in 1H FY2014 due to higher bank borrowings.

Share of results of associated companies

Share of profits of associated companies decreased to RMB0.5 million in 1H FY2014 from RMB2.8 million in 1H FY2013 mainly due to lower average utilisation of towercranes and higher operating expenses in THZMI group of companies.

Gain on disposal of a subsidiary

Gain on disposal of a subsidiary in 1H FY2013 was resulted from the disposal of Jiangsu Hengxingmao Financial Leasing Co., Ltd.

Taxation

Income tax expense increased to RMB8.3 million in 1H FY2014 in line with higher profit for the financial period.

Profit before taxation and Net profit attributable to equity holders of the Company

Profit before taxation increased to RMB37.6 million in 1H FY2014 from RMB22.1 million in 1H FY2013 and net profit attributable to equity holders of the Company increased to RMB28.0 million in 1H FY2014 from RMB14.5 million in 1H FY2013. This was mainly due to higher revenue and other operating income, partly offset by higher operating expenses, lower share of profits of associated companies and higher income tax expense for the financial period.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets decreased by RMB18.4 million to RMB466.4 million as at 30 September 2013 mainly due to depreciation and amortisation expenses charged for the financial period and lower deferred costs.

Non-current trade and other receivables related to non-current portion of housing loans made to employees as part of the Company's human resource strategy to retain staff. The amounts which are expected to be repaid for periods longer than 12 months after the end of the reporting period are classified as non-current.

Deferred costs related to the corresponding non-current portion cost of sales relating to revenue deferred (See Note on deferred income below).

Deferred tax assets arose mainly from deferred income, provisions and elimination of unrealised profits in intragroup and associated company sales.

Current Assets

Current assets increased by RMB109.2 million to RMB960.9 million as at 30 September 2013 mainly due to higher inventories and trade and other receivables. This was partly offset by lower amounts owing by related parties and deferred costs.

Inventories increased by RMB19.3 million for delivery due in the third quarter FY2014.

Trade and other receivables increased by RMB127.6 million mainly due to higher trade receivables as a result of higher sales during the financial period.

Amounts owing by related parties decreased by RMB13.5 million mainly due to lower sales and repayment of trade debts from related parties during the financial period.

Deferred costs related to the corresponding current portion cost of sales relating to revenue deferred (See Note on deferred income below).

Non-current Liabilities

Non-current liabilities increased by RMB3.0 million to RMB92.8 million as at 30 September 2013 mainly due to increase in bank borrowings used for financing towercrane rental fleet in Hong Kong and Macau, partly offset by lower deferred income as a result of repayment by customers to financial institutions (See Note on deferred income below).

Current Liabilities

Current liabilities increased by RMB63.9 million to RMB806.4 million as at 30 September 2013 mainly due to increase in trade and other payables and amounts owing to corporate shareholder of a subsidiary. This was partly offset by decrease in bank borrowings, amounts owing to related parties and deferred income.

Trade and other payables increased mainly due to higher purchases and slower payments to suppliers.

Bank borrowings decreased due to repayment of short-term bank borrowings.

Deferred income included mainly RMB88.0 million of revenue deferred due to uncertainty to the timing of the consideration for the delivery of goods made to the customer. Owing to the uncertainty, the amount of the unpaid sum owing by the customer to the financial institution is deferred and recognised as revenue when the uncertainty is removed. The deferred costs, as explained under non-current and current assets above, related to the amount carried in the statement of financial position to the extent that revenue has been deferred. The decrease in deferred income, from RMB110.3 million as at 31 March 2013, was mainly due to repayment by customers to financial institutions.

Total Equity

As at 30 September 2013, the total equity amounted to RMB528.1 million. The increase was mainly due to net profits of RMB29.3 million for 1H FY2014, partly offset by dividends of RMB5.4 million paid to equity holders of the Company.

REVIEW OF CASHFLOW STATEMENT

Second Quarter FY2014 (“Q2 FY2014”) vs Second Quarter FY2013 (“Q2 FY2013”)

The Group reported a net decrease in cash and cash equivalents amounting to RMB27.5 million in Q2 FY2014 mainly due to:

- a) Net cash generated from operating activities in Q2 FY2014 of RMB16.6 million mainly from the increase in operating payables due to higher purchases and slower payments to suppliers, partly offset by increase in inventories for delivery due in third quarter FY2014 and increase in operating receivables due to higher sales in Q2 FY2013;
- b) Net cash used in investing activities of RMB1.5 million from the purchase of plant and equipment; and
- c) Net cash used in from financing activities of RMB42.6 million mainly from bank borrowings repaid, higher restricted bank balances and dividends paid to equity holders of the Company.

First Half FY2014 (“1H FY2014”) vs First Half FY2013 (“1H FY2013”)

The Group reported a net decrease in cash and cash equivalents amounting to RMB17.0 million in 1H FY2014 mainly due to:

- a) Net cash used in operating activities in 1H FY2014 of RMB9.6 million mainly from increase in operating receivables due to higher sales for the financial period and increase in inventories for delivery due in third quarter FY2014, partly offset by increase in operating payables due to higher purchases and slower payments to suppliers;
- b) Net cash used in investing activities of RMB2.0 million from the purchase of plant and equipment, partly offset by sales proceeds received from the disposal of machinery; and
- c) Net cash used in financing activities of RMB5.4 million from higher restricted bank balances and dividends paid to equity holders of the Company, partly offset by higher bank borrowings obtained.

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.

The PRC economy steadied in the third quarter of calendar year 2013 expanding by 7.8 percent compared with a year earlier, indicating signs of the economy pulling out of a jittery period of slowed growth helped by revived investment, consumer spending and factory production. The continued investment in infrastructure and residential projects and the increasing market recognition of the Yongmao brand, quality and service will likely to have a positive effect on our domestic sales in the PRC.

Demand for towercranes in South East Asia markets such as Malaysia and new markets like Myanmar will likely to improve due to increase in construction activities. Other export demand is likely to grow due to some improvement in the United States and Western European as their economies improve.

The Group has announced on 5 August 2013 the sale and purchase and joint venture agreement for the acquisition of the towercrane rental companies and assets in Hong Kong and Macau by its subsidiary, Yongmao Machinery (H.K.) Company Limited. This will contribute positively to the Group as it capitalises on the continued growth in the construction market in Hong Kong and Macau.

Appreciation of the Chinese Yuan against the US Dollars and Singapore Dollars coupled with potentially higher operating and raw material cost may have a negative impact on our margins. However, the Group will adjust selling prices where necessary to mitigate the cost increase.

The Group will continue to monitor the economic situation and evaluate our strategy in various markets accordingly.

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 Q2 FY2014.

(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 Q2 FY2013.

(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.

13. If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Interested Persons 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 30 Sept 2013 (Q2 FY2014) RMB'000	3 months ended 30 Sept 2012 (Q2 FY2013) RMB'000	6 months ended 30 Sept 2013 (First Half FY2014) RMB'000	6 months ended 30 Sept 2012 (First Half FY2013) RMB'000	3 months ended 30 Sept 2013 (Q2 FY2014) RMB'000	3 months ended 30 Sept 2012 (Q2 FY2013) RMB'000	6 months ended 30 Sept 2013 (First Half FY2014) RMB'000	6 months ended 30 Sept 2012 (First Half FY2013) 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)	-	-	-	-	(6,994) ¹	42,969	757	68,802
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械工程有限公司)	-	-	-	-	-	16,576	-	41,814
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	-	-	-	31,230	-	97,959	-
Sales to associated company								
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司)	-	-	-	-	-	(1,530) ²	-	(1,530) ²
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	-	3,000	-	-	-	-

Note:

1. Reclassification of sales to Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司) in respect of previous financial period.
2. Reclassification of sales to Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司) in respect of previous financial year.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

14. 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 are based on the geographical location of customers. Segment information by business segments is not presented as the Group's business relates mainly to the manufacture and sales of towercranes and towercrane components.

Revenue	Middle East & Others RMB'000	Asia (outside the PRC) RMB'000	USA & Europe RMB'000	PRC RMB'000	Consolidated RMB'000
FY2014					
Q2	13,858	52,786	8,600	156,855	232,099
1H	20,361	106,955	11,248	352,018	490,582
FY2013					
Q2	1,555	63,488	5,548	110,604	181,195
1H	5,361	107,153	7,853	239,447	359,814

15. **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.

16. **A breakdown of sales and profit after taxation**

Not applicable.

17. **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:	-	-

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

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 three months ended 30 September 2013 and six months ended 30 September 2013 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
4 November 2013