

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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 statement of profit or loss and other comprehensive income for the financial period ended 30 September 2016. These figures have not been audited.

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2016 (Q2 FY2017)	3 months ended 30 Sep 2015 (Q2 FY2016)	Increase/ (Decrease)	6 months ended 30 Sep 2016 (1H FY2017)	6 months ended 30 Sep 2015 (1H FY2016)	Increase/ (Decrease)
Revenue	184,518	127,599	44.6	339,160	212,690	59.5
Cost of sales	(118,386)	(87,595)	35.2	(221,278)	(149,589)	47.9
Gross profit	66,132	40,004	65.3	117,882	63,101	86.8
Other income	2,133	609	250.2	2,847	880	223.5
Distribution costs	(15,077)	(12,664)	19.1	(29,546)	(22,551)	31.0
Administrative expenses	(22,401)	(18,725)	19.6	(41,873)	(36,558)	14.5
Other operating expenses	(4,902)	(2,252)	117.7	(6,011)	(2,068)	190.7
Finance costs	(4,594)	(5,981)	(23.2)	(9,225)	(10,916)	(15.5)
Total operating expenses	(46,974)	(39,622)	18.6	(86,655)	(72,093)	20.2
Profit/(Loss) before taxation	21,291	991	2,048.4	34,074	(8,112)	NM
Taxation	(5,373)	(441)	1,118.4	(8,065)	803	NM
Net profit/(loss) for the period	15,918	550	2,794.2	26,009	(7,309)	NM
Attributable to:						
Equity holders of the Company	14,011	2,244	524.4	22,022	(5,200)	NM
Non-controlling interests	1,907	(1,694)	NM	3,987	(2,109)	NM
Net profit/(loss) for the period	15,918	550	2,794.2	26,009	(7,309)	NM

NM: Not Meaningful

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2016 (Q2 FY2017)	3 months ended 30 Sep 2015 (Q2 FY2016)	Increase/ (Decrease)	6 months ended 30 Sep 2016 (1H FY2017)	6 months ended 30 Sep 2015 (1H FY2016)	Increase/ (Decrease)
Net profit/(loss) for the period	15,918	550	2,794.2	26,009	(7,309)	NM
Other comprehensive income:						
Item that may be reclassified subsequently to profit of loss:						
Exchange translation difference ¹	311	1,950	(84.1)	3,024	2,090	44.7
Other comprehensive income of the period, net of tax	311	1,950	(84.1)	3,024	2,090	44.7
Total comprehensive income/(expense) for the period	16,229	2,500	549.2	29,033	(5,219)	NM
Total comprehensive income/(expense) attributable to:						
Equity holders of the Company	14,159	3,347	323.0	23,907	(3,982)	NM
Non-controlling interests	2,070	(847)	NM	5,126	(1,237)	NM
Total comprehensive income/(expense) for the period	16,229	2,500	549.2	29,033	(5,219)	NM

Notes to Group statement of profit or loss:

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2016 (Q2 FY2017)	3 months ended 30 Sep 2015 (Q2 FY2016)	Increase/ (Decrease)	6 months ended 30 Sep 2016 (1H FY2017)	6 months ended 30 Sep 2015 (1H FY2016)	Increase/ (Decrease)
Other income						
Amortisation of deferred capital grants	57	52	9.6	114	100	14.0
Gain on disposal of property, plant and equipment	3	9	(66.7)	3	26	(88.5)
Interest income	174	240	(27.5)	430	286	50.3
Compensation income ²	1,643	-	NM	1,902	-	NM
Others	256	308	(16.9)	398	468	(15.0)
	2,133	609	250.2	2,847	880	223.5
Other operating expenses						
Allowance for impairment of trade receivables ³	3,964	94	4,117.0	3,964	94	4,117.0
Exchange loss	372	1,569	(76.3)	947	617	53.5
Bank charges	311	186	67.2	806	952	(15.3)
Property, plant and equipment written off	-	-	NM	4	1	300.0
Donations	100	400	(75.0)	100	400	(75.0)
Others	155	3	5,066.7	190	4	4,650.0
	4,902	2,252	117.7	6,011	2,068	190.7

NM: Not Meaningful

Notes to other profit or loss items

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 Sep 2016 (Q2 FY2017)	3 months ended 30 Sep 2015 (Q2 FY2016)	Increase/ (Decrease)	6 months ended 30 Sep 2016 (1H FY2017)	6 months ended 30 Sep 2015 (1H FY2016)	Increase/ (Decrease)
Amortisation of intangibles assets	25	25	-	50	50	-
Depreciation of property, plant and equipment ⁴	13,945	12,352	12.9	27,699	24,262	14.2
Gain on disposal of property, plant and equipment, net	(3)	(9)	(66.7)	(3)	(26)	(88.5)
Interest expense	4,594	5,981	(23.2)	9,225	10,916	(15.5)
Operating lease rentals	2,070	2,062	0.4	4,123	4,130	(0.2)
Inventory write-down ⁵	1,000	-	NM	1,000	-	NM

NM: Not Meaningful

Note:

- Gain on exchange translation arose mainly from translation of the net assets of our Singapore subsidiaries and Hong Kong subsidiaries. SGD and HKD appreciated 2.1% and 2.8% respectively against RMB as at 30 September 2016 as compared to last financial year end.
- Mainly from customer's compensation income received by court orders resulted from breach of contract.
- See Paragraph 8 – Operating expense.
- Increase mainly due to addition of motor vehicles and rental fleet.
- Mainly provision for inventory obsolescence that decline in value arising from technological changes. The provision for inventory obsolescence is included in "cost of sales".

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 Sep	31 Mar	30 Sep	31 Mar
	2016	2016	2016	2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	449,038	454,693	-	-
Intangible assets	100	150	-	-
Subsidiaries	-	-	344,363	344,363
Available-for-sale financial assets	81,846	81,846	81,846	81,846
Trade and other receivables	705	826	-	-
Deferred costs	6,249	10,442	-	-
Deferred tax assets	18,069	16,643	-	-
	<u>556,007</u>	<u>564,600</u>	<u>426,209</u>	<u>426,209</u>
Current				
Inventories	308,294	280,801	-	-
Trade and other receivables	346,079	316,013	103	184
Deferred costs	8,890	10,398	-	-
Amounts owing by subsidiaries	-	-	39,884	42,519
Amounts owing by related parties	69,075	95,584	-	-
Amount owing by a corporate shareholder of a subsidiary	335	453	-	-
Cash and cash equivalents	103,631	166,036	2,957	2,042
	<u>836,304</u>	<u>869,285</u>	<u>42,944</u>	<u>44,745</u>
TOTAL ASSETS	<u>1,392,311</u>	<u>1,433,885</u>	<u>469,153</u>	<u>470,954</u>
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	285,170	261,263	148,354	149,721
Equity attributable to equity holders of the Company	<u>597,654</u>	<u>573,747</u>	<u>460,838</u>	<u>462,205</u>
Non-controlling interests	59,209	54,083	-	-
TOTAL EQUITY	<u>656,863</u>	<u>627,830</u>	<u>460,838</u>	<u>462,205</u>
LIABILITIES				
Non-current				
Borrowings	919	507	-	-
Deferred income	9,745	15,730	-	-
Deferred capital grants	10,343	10,457	-	-
Deferred tax liabilities	16,915	15,975	6,632	5,964
Trade and other payables	20,532	22,135	-	-
	<u>58,454</u>	<u>64,804</u>	<u>6,632</u>	<u>5,964</u>
Current				
Trade and other payables	362,700	296,882	1,520	2,524
Borrowings	234,497	367,071	-	-
Deferred income	12,643	14,593	-	-
Deferred capital grants	229	229	-	-
Amounts owing to/advances from related parties	34,835	34,000	80	80
Amounts owing to a corporate shareholder of a subsidiary	23,064	26,008	-	-
Current tax payable	9,026	2,468	83	181
	<u>676,994</u>	<u>741,251</u>	<u>1,683</u>	<u>2,785</u>
TOTAL EQUITY AND LIABILITIES	<u>1,392,311</u>	<u>1,433,885</u>	<u>469,153</u>	<u>470,954</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 30 Sep 2016		As at 31 Mar 2016	
	Secured ⁽¹⁾	Unsecured ⁽²⁾	Secured ⁽¹⁾	Unsecured ⁽²⁾
	RMB'000	RMB'000	RMB'000	RMB'000
Amount repayable in one year or less, or on demand	234,497	34,254	367,071	35,134
Amount repayable after one year	919	-	507	-
	235,416	34,254	367,578	35,134

Details of any collaterals

Note (1): The secured loans include the following:

	30 Sep 2016	31 Mar 2016	Description
	RMB'000	RMB'000	
Bank borrowings			
a)	20,000	50,000	Granted to Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao"), guaranteed by Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") and a director of the Company.
b)	50,000	50,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao.
c)	10,000	-	Granted to Fushun Yongmao, guaranteed by the Company.
d)	66,203	102,927	Granted to Fushun Yongmao, guaranteed by the Company and the irrevocable letter of guarantees issued by another bank. The letter of guarantees are guaranteed by Beijing Yongmao and certain directors of the Company and secured by fixed deposits.
e)	10,000	49,217	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao and certain directors of the Company and secured by fixed deposits.
f)	30,000	40,000	Granted to Fushun Yongmao, guaranteed by the Company, Beijing Yongmao and a director of the Company and secured by fixed deposit.
g)	1,835	5,393	Granted to Yongmao Machinery Pte. Ltd., guaranteed by the Company.
	188,038	297,537	
Short-term trade financing			
a)	-	25,000	Granted to Fushun Yongmao, guaranteed by the Company, Beijing Yongmao and a director of the Company and secured by certain trade receivables.
	-	25,000	
Finance lease obligations			
a)	1,556	899	In respect of motor vehicles and office equipment acquired under finance leases.
b)	45,822	44,142	In respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.
	47,378	45,041	
	235,416	367,578	

The above borrowings are for working capital purposes.

Note (2): The unsecured loans include the followings:

- RMB18.4 million (31 March 2016 – 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 a corporate shareholder of a subsidiary" under current liabilities in the balance sheet.
- RMB Nil million (31 March 2016 – RMB16.8 million), which was interest-free, was from a related party to Yongmao Machinery Pte Ltd for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to/advances from related parties" under current liabilities in the balance sheet.
- RMB15.9 million (31 March 2016 – RMB Nil), which was interest-bearing, was from related parties to Fushun Yongmao for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to/advances from related parties" 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	
	3 months ended 30 Sep 2016 (Q2 FY2017)	3 months ended 30 Sep 2015 (Q2 FY2016)	6 months ended 30 Sep 2016 (1H FY2017)	6 months ended 30 Sep 2015 (1H FY2016)
Cash flows from operating activities				
Profit/(Loss) before taxation	21,291	991	34,074	(8,112)
Adjustments for:				
Amortisation of deferred capital grants	(57)	(52)	(114)	(100)
Amortisation of intangible assets	25	25	50	50
Depreciation of property, plant and equipment	13,945	12,352	27,699	24,262
Gain on disposal of property, plant and equipment	(3)	(9)	(3)	(26)
Property, plant and equipment written off	-	1	4	1
Inventories write-down	1,000	-	1,000	-
Interest expense	4,594	5,981	9,225	10,916
Interest income	(174)	(240)	(430)	(286)
Exchange translation difference	629	3,908	2,756	3,642
Operating profit before working capital changes	41,250	22,957	74,261	30,347
Increase in inventories ¹	(16,194)	(12,635)	(43,607)	(19,446)
Decrease/(Increase) in deferred costs	2,689	3,302	5,701	(15,587)
Decrease/(Increase) in operating receivables	10,448	27,698	(1,486)	50,085
(Decrease)/Increase in operating payables	(11,948)	(43,979)	60,934	(61,558)
(Increase)/Decrease in deferred income	(3,775)	(4,409)	(7,935)	23,192
Cash generated from/(used in) operations	22,470	(7,066)	87,868	7,033
Interest paid	(4,322)	(6,214)	(8,887)	(10,685)
Tax paid	(1,092)	(2,009)	(2,343)	(2,157)
Net cash generated from/(used in) operating activities	17,056	(15,289)	76,638	(5,809)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(757)	(4,742)	(2,262)	(7,938)
Proceeds from disposal of property, plant and equipment	3	131	3	216
Proceeds from government grants	-	1,586	-	1,586
Interest received	52	240	162	286
Net cash used in investing activities	(702)	(2,785)	(2,097)	(5,850)
Cash flows from financing activities				
Proceeds from borrowings	70,118	87,182	95,704	211,643
Repayment of borrowings	(96,840)	(60,391)	(216,874)	(144,126)
Repayment of finance lease liabilities	(7,745)	(6,012)	(14,656)	(14,374)
Restricted bank balances	(5,025)	(498)	27,153	(5,009)
Repayment to related parties	(15,849)	-	(1,149)	-
Dividends paid to non-controlling interests	-	-	(694)	-
Dividends paid to equity holders of the Company	-	(16,307)	-	(16,307)
Net cash (used in)/generated from financing activities	(55,341)	3,974	(110,516)	31,827
Net (decrease)/increase in cash and cash equivalents	(38,987)	(14,100)	(35,975)	20,168
Cash and cash equivalents at beginning of period	85,047	92,842	81,258	58,383
Exchange adjustments	(54)	98	723	289
Cash and cash equivalents at end of period	46,006	78,840	46,006	78,840

Note:

1. Included in (increase)/decrease in inventories for Q2 FY2017 of RMB4.3 million (Q2 FY2016 : RMB14.0 million) and 1H FY2017 of RMB21.8 million (1H FY2016 : RMB18.1 million) respectively, were towercranes and towercrane components and accessories that were self-constructed which were held for rental purposes and have been presented under operating activities in accordance with FRS 7.

	Group	
	RMB'000 30 Sep 2016	RMB'000 30 Sep 2015
Analysis of cash and cash equivalents		
Cash on hand	211	149
Bank balances	103,420	175,239
	103,631	175,388
Restricted bank balances	(57,625)	(96,548)
	46,006	78,840

- 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	Fair value reserve	Retained earnings	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	RMB'000
Current year:									
Balance as at 1 Apr 2016	312,484	(26,769)	58,070	3,171	224,006	2,785	573,747	54,083	627,830
Total comprehensive income for the period	-	-	-	-	8,011	1,737	9,748	3,056	12,804
Transfer from statutory common reserve	-	-	1,696	-	(1,696)	-	-	-	-
Balance as at 30 Jun 2016	312,484	(26,769)	59,766	3,171	230,321	4,522	583,495	57,139	640,634
Total comprehensive income for the period	-	-	-	-	14,011	148	14,159	2,070	16,229
Transfer from statutory common reserve	-	-	1,346	-	(1,346)	-	-	-	-
Balance as at 30 Sep 2016	312,484	(26,769)	61,112	3,171	242,986	4,670	597,654	59,209	656,863

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	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	RMB'000
Current year:									
Balance as at 1 Apr 2015	312,484	(26,769)	58,332	792	236,140	40	581,019	54,811	635,830
Total comprehensive income/(expense) for the period	-	-	-	-	(7,444)	115	(7,329)	(390)	(7,719)
Transfer from statutory common reserve	-	-	(506)	-	506	-	-	-	-
Balance as at 30 Jun 2015	312,484	(26,769)	57,826	792	229,202	155	573,690	54,421	628,111
Total comprehensive income/(expense) for the period	-	-	-	-	2,244	1,103	3,347	(847)	2,500
Transfer to statutory common reserve	-	-	(168)	-	168	-	-	-	-
Dividends	-	-	-	-	(16,307)	-	(16,307)	(694)	(17,001)
Balance as at 30 Sep 2015	312,484	(26,769)	57,658	792	215,307	1,258	560,730	52,880	613,610

Company	Share capital	Fair value reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Current year:				
Balance as at 1 Apr 2016	312,484	3,171	146,550	462,205
Total comprehensive income for the period	-	-	211	211
Balance as at 30 Jun 2016	312,484	3,171	146,761	462,416
Total comprehensive income for the period	-	-	(1,578)	(1,578)
Balance as at 30 Sep 2016	312,484	3,171	145,183	460,838

Company	Share capital	Fair value reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Previous year:				
Balance as at 1 Apr 2015	312,484	792	111,957	425,233
Total comprehensive income for the period	-	-	463	463
Balance as at 30 Jun 2015	312,484	792	112,420	425,696
Total comprehensive income for the period	-	-	50,072	50,072
Dividends	-	-	(16,307)	(16,307)
Balance as at 30 Sep 2015	312,484	792	146,185	459,461

- 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.**

On 23 November 2015, the Company completed a share consolidation exercise to consolidate every five (5) existing ordinary shares in the capital of the Company held by the shareholders into one (1) consolidated share. The issued share capital of the Company now comprises 88,749,997 consolidated shares, after disregarding any fractions of consolidated shares arising from the share consolidation exercise.

There was no change 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 in Q2 FY2017 or Q2 FY2016.

There was no outstanding convertible or treasury share as at 30 September 2016 (30 September 2015 – Nil).

- 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 2016	31 March 2016
Total number of issued shares (excluding treasury shares)	88,749,997	88,749,997

- 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.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 September 2016 (30 September 2015 – Nil).

- 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 2016 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 2016.

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.

Agents' commission of RMB2.0 million incurred in Q1 FY2017 recognised under "distribution costs" previously has been reclassified to "cost of sales" in the Group statement of profit or loss to conform with the Q2 FY2017 presentation.

	Group (First Quarter)	
	RMB'000	
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2016 (Q1 FY2017)
	<i>Restated</i>	<i>Reported</i>
Cost of sales	(102,892)	(100,910)
Distribution costs	(14,469)	(16,451)

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 Paragraph 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 Sep 2016 (Q2 FY2017)	3 months ended 30 Sep 2015 (Q2 FY2016)	6 months ended 30 Sep 2016 (First Half FY2017)	6 months ended 30 Sep 2015 (First half FY2016)
		<i>Restated</i>		<i>Restated</i>
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	14,011	2,244	22,022	(5,200)
Weighted average no. of shares used in computation of basic earning per shares	88,749,997	88,749,997	88,749,997	88,749,997
Earnings per share (in cents RMB)				
(a) Based on weighted average number of ordinary shares on issue	15.79	2.53	24.81	(5.86)
(b) On a fully diluted basis	15.79	2.53	24.81	(5.86)

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue of 88,749,997 (after share consolidation exercise) for both periods.

There is no difference between the basic and diluted earnings per share.

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 Sep 2016	31 Mar 2016	30 Sep 2016	31 Mar 2016
Net asset value per ordinary share (RMB cents)	673.41	646.48	519.25	520.79

Net asset value per share for the Group and the Company for 30 September 2016 and 31 March 2016 has been computed based on shareholders' equity as at the respective dates and the number of shares of 88,749,997 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 FY2017 ("Q2 FY2017") vs Second Quarter FY2016 ("Q2 FY2016")

Revenue

Group revenue increased 44.6% to RMB184.5 million in Q2 FY2017 as compared to RMB127.6 million in Q2 FY2016. Sales in PRC has increased with revenue recorded at RMB105.5 million in Q2 FY2017 as demand increased for large sized towercranes used for infrastructure projects, such as power plants, bridges and the Beijing New Airport project in Daxing. The increase is also partly contributed from higher rental and service income in the PRC. Asia (outside the PRC) sales has remained stable, reported at RMB66.5 million in Q2 FY2017, contributed 36.0% of the Group revenue. The increase was partly offset by decrease in sales to Middle East, USA and Europe.

Following the improvement in the PRC sales, it formed the bulk of the sales at 57.2% in Q2 FY2017.

Gross profit and gross profit margin

Gross profit increased 65.3% to RMB66.1 million in Q2 FY2017 from RMB40.0 million in Q2 FY2016. The increase was due to both higher revenue and better margin in Q2 FY2017.

Average gross profit margin increased to 35.8% in Q2 FY2017 from 31.4% in Q2 FY2016. The increase was attributable to sales of more larger-sized tower cranes of higher lifting capacity which generates higher gross margin as well as higher rental income from Hong Kong operations.

Other income

Other income increased to RMB2.1 million in Q2 FY2017 as compared to RMB0.6 million in Q2 FY2016 was mainly due to compensation income from customers of RMB1.6 million.

Operating expenses

Total operating expenses increased 18.6% to RMB47.0 million in Q2 FY2017 as compared to RMB39.6 million in Q2 FY2016.

Distribution costs increased 19.1% to RMB15.1 million in Q2 FY2017 as compared to RMB12.7 million in Q2 FY2016 mainly due to higher freight and transportation charges as a result of higher sales.

Administrative expenses increased 19.6% to RMB22.4 million in Q2 FY2017 as compared to RMB18.7 million in Q2 FY2016 largely due to higher bonus provision. There was minimal bonus provision made in Q2 FY2016 which reported a marginal gain.

Other operating expenses increased to RMB4.9 million in Q2 FY2017 from RMB2.3 million in Q2 FY2016. This is mainly due to provision for doubtful debts of RMB4.0 million in Q2 FY2017, partly offset by lower exchange losses of RMB0.4 million in Q2 FY2017 as compared to RMB1.6 million in Q2 FY2016. Certain provision for doubtful debts were made mainly for two Beijing local rental companies which were long-outstanding.

The exchange loss arose mainly from:

- a) the weakening of Chinese Yuan ("RMB") against United States Dollars ("USD") due to net USD liabilities reported in the Group, offset by
- b) the strengthening of Singapore Dollars ("SGD") against RMB due to net SGD assets reported in the Group.

In line with the lower average borrowing and lower effective interest rate, finance costs decreased 23.2% to RMB4.6 million in Q2 FY2017 as compared to RMB6.0 million in Q2 FY2016.

Taxation

Income tax expense reported at RMB5.4 million in Q2 FY2017 as compared to RMB0.4 million in Q2 FY2016 in line with the net profit for the financial period.

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

The Group recorded a profit before taxation RMB21.3 million in Q2 FY2017 as compare to RMB1.0 million in Q2 FY2016 was mainly due to higher revenue, gross profit, partly offset by higher operating expenses.

Net profit attributable to equity holders of the Company increased to RMB14.0 million in Q2 FY2017 as compared to RMB2.2 million in Q2 FY2016. This was mainly due to profit before taxation, offset by tax expense.

First Half FY2017 (“1H FY2017”) vs First Half FY2016 (“1H FY2016”)**Revenue**

Group revenue increased 59.5% to RMB339.2 million in 1H FY2017, as compared to RMB212.7 million in 1H FY2016. Sales in PRC has increased with revenue recorded at RMB184.5 million in 1H FY2017 as demand increased for large sized towercranes used for infrastructure projects, such as power plants, bridges and the Beijing New Airport project in Daxing. The increase is also partly contributed from higher rental and service income in the PRC. Asia (outside the PRC) sales has also increased by 14.9% contributed from improved sales in Taiwan market and higher rental and service income from Hong Kong operations. The increase was partly offset by decrease in sales to Middle East, USA and Europe of RMB 37.3 million from RMB60.4 million in 1H FY2016 to RMB23.1 million in 1H FY2017.

Gross profit and gross profit margin

Gross profit increased 86.8% to RMB117.9 million in 1H FY2017 from RMB63.1 million in 1H FY2016. The increase was due to both higher revenue and better margin in 1H FY2017.

Average gross profit margin increased to 34.8% in 1H FY2017 from 29.7% in 1H FY2016. The increase was attributable to sales of more larger-sized tower cranes of higher lifting capacity and luffing series towercranes which generates higher gross margin as well as higher rental income and service income from Hong Kong operations, slightly offset by lower margin generated from sales of components and accessories.

Other income

Other income increased to RMB2.8 million in 1H FY2017 as compared to RMB0.9 million in 1H FY2016 was mainly due to compensation income from customers and suppliers of RMB1.9 million.

Operating expenses

Total operating expenses increased 20.2% to RMB86.7 million in 1H FY2017 as compared to RMB72.1 million in 1H FY2016.

Distribution costs increased 31.0% to RMB29.5 million in 1H FY2017 as compared to RMB22.6 million in 1H FY2016 mainly due to higher freight and transportation charges as a result of higher sales.

Administrative expenses increased 14.5% to RMB41.9 million in 1H FY2017 as compared to RMB36.6 million in 1H FY2016 largely due to higher bonus provision. There was minimal bonus provision made in 1H FY2016 which reported a net loss position.

Other operating expenses increased to RMB6.0 million in 1H FY2017 from RMB2.1 million in 1H FY2016. This is mainly due to provision for doubtful debts of RMB4.0 million in 1H FY2017. Certain provision for doubtful debts were made mainly for two Beijing local rental companies which were long-outstanding.

In line with the lower average borrowing and lower effective interest rate, finance costs decreased 15.5% to RMB9.2 million in 1H FY2017 as compared to RMB10.9 million in 1H FY2016.

Taxation

Income tax expense reported at RMB8.1 million in 1H FY2017 as compared to a credit balance of RMB0.8 million in 1H FY2016 in line with the net profit for the financial period.

Profit/(loss) before taxation and Net profit/(loss) attributable to equity holders of the Company

The Group reported profit before taxation of RMB34.1 million in 1H FY2017 as compared to a loss before tax of RMB8.1 million in 1H FY2016 was mainly due to higher revenue, gross profit, partly offset by higher operating expenses.

Net profit attributable to equity holders of the Company increased to RMB22.0 million in 1H FY2017 as compared to a net loss attributable to equity holders of the Company of RMB5.2 million in 1H FY2016. This was mainly due to profit before taxation, offset by tax expense.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets decreased by RMB8.6 million to RMB556.0 million as at 30 September 2016 mainly due to depreciation expenses charged and lower deferred cost, partly offset by higher deferred tax assets and additions in property, plant and equipment for the financial period.

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 sales.

Current Assets

Current assets decreased by RMB33.0 million to RMB836.3 million as at 30 September 2016 mainly due to lower cash and cash equivalents (see Note on Review on Cash Flow Statement below), lower amount owing by related parties and lower deferred costs, offset by higher trade and other receivables and higher inventories.

Trade and other receivables increased by RMB30.1 million mainly due to increase in trade receivables in line with higher sales. Amount owing by related parties are mainly trade in nature which decreased due to net collection over sales for the financial period.

Inventories increased by RMB27.5 million to RMB308.3 million as at 30 September 2016 as compared to RMB280.8 million as at 31 March 2016 for delivery due in Q3 FY2017.

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 decreased by RMB6.3 million to RMB58.5 million as at 30 September 2016 mainly due to lower deferred income (See Note on deferred income below) and lower trade and other payables, partly offset by higher deferred tax liabilities.

Current Liabilities

Current liabilities decreased by RM64.3 million to RMB677.0 million as at 30 September 2016 mainly due to repayment of borrowings and amount owing to a corporate shareholder of a subsidiary, partly offset by higher trade and other payables.

Trade and other payables increased by RMB65.8 million mainly due to higher purchases as a result of higher sales.

Amount owing to related parties which was interest-free loan, was from related parties to Fushun Yongmao for the purpose of increasing the working capital of the Group.

Deferred income included RMB22.4 million of revenue deferred due to uncertainty in the timing of the consideration for the delivery of goods made to the customer. Owing to the uncertainty, the amount of the unpaid sum owed by the customer to the financial institution is deferred and recognised as revenue when the uncertainty is removed. The deferred costs, as mentioned 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 RMB30.3 million as at 31 March 2016, was mainly due to repayment by customers to financial institutions.

Total Equity

As at 30 September 2016, the Group's total equity amounted to RMB656.9 million. The increase was mainly due to net profit of RMB26.0 million and other comprehensive income of RMB3.0 million for 1H FY2017.

REVIEW OF CASH FLOW STATEMENT

Q2 FY2017 vs Q2 FY2016

The Group reported a net decrease in cash and cash equivalents amounting to RMB39.0 million in Q2 FY2017 mainly due to:

- a) Net cash generated from operating activities in Q2 FY2017 of RMB17.1 million resulted mainly from operating profit before working capital changes, increase in operating receivables, partly offset by increase in inventories and decrease in operating payables;
- b) Net cash used in investing activities of RMB0.7 million mainly from purchases of machinery and motor vehicles; and
- c) Net cash used in financing activities of RMB55.3 million mainly from net repayment of bank borrowings and finance lease creditors, repayment to related parties and higher restricted bank balances.

1H FY2017 vs 1H FY2016

The Group reported a net decrease in cash and cash equivalents amounting to RMB36.0 million in 1H FY2017 mainly due to:

- a) Net cash from operating activities in 1H FY2017 of RMB76.6 million mainly from operating profit before working capital changes, increase in operating payables, partly offset by increase in inventories;
- b) Net cash used in investing activities of RMB2.1 million mainly from purchases of machinery and motor vehicles; and
- c) Net cash used in financing activities of RMB110.5 million mainly from net repayment of bank borrowings and finance lease creditors, partly offset by lower restricted bank balances.

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.

China's economy expanded 6.7 percent in the September quarter of the year 2016, the same pace as in the previous two quarters. The figure was in line with market expectations, supported by an increase in government spending, fixed asset investment and retail sales while industrial output eased.

The unexpected recovery in China's residential property market since late last year has helped support the economy in the first half. The recovery appears uneven as rapid price rises in some of the biggest cities fanned concerns of overheating and prompted a few local governments to cool sales by tightening property transfer restrictions. In smaller cities, a large number of unsold new properties continued to hit sales and prices forcing local authorities to explore new ways to increase sales. As such, domestic demand for construction machinery and equipment including towercranes for residential property market continues to remain muted.

Demand for towercranes in other overseas markets is mixed with markets such as Taiwan and Australia likely to see a better demand in the replacement market whereas markets like Singapore and Macau remain challenging.

In light of the present weaker China economy and less than favorable global market conditions, the Group views that the overall business environment for the next 12 months will remain challenging.

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 the Q2 FY2017.

(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 the Q2 FY2016.

(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) 6 months ended 30 Sep 2016 (1H FY2017) RMB'000	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) 6 months ended 30 Sep 2016 (1H FY2017) RMB'000
Sales to related parties		
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	-	954
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	74,825
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	631	-
Purchases from related parties		
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	-	622

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.**

Revenue information based on geographical location of customers is as follows:

Revenue	Middle East & Others RMB'000	Asia (outside the PRC) RMB'000	USA & Europe RMB'000	PRC RMB'000	Consolidated RMB'000
FY2017					
- Q2	4,401	66,503	8,118	105,496	184,518
- 1H	10,140	131,609	12,921	184,490	339,160
FY2016					
Q2	13,275	65,418	11,721	37,185	127,599
1H	35,266	114,544	25,169	37,711	212,690

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:-**

Not applicable.

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.

19. **Confirmation of Undertakings of Directors and Executive Officers Pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

20. Negative Assurance Confirmation on Second Quarter Financial Results 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 interim unaudited financial statements for the three months ended 30 September 2016 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 November 2016