控股 永茂

Yongmao Holdings Limited

Annual Report 2017

Contents

About Yongmao

Since 1992, our Group has been involved in the design, development and manufacture of wide range of towercranes, components and accessories. Sold mainly to construction equipment distributors and equipment rental companies in overseas markets and to similar companies in the People's Republic of China (the "PRC"), our tower cranes are now exported to over 70 countries around the world.

Our towercranes are well established and have been deployed in many prominent projects in the PRC and overseas. Our brand name "Yongmao" is recognised as a "Chinese Well-Known Brand" (中国驰名商标) in the PRC.

We currently offer a variety of towercranes with lifting capacities in the range of 80 to 3300 tonne-metres and these are broadly classified under the four main series below:

- Topless STT series,
- ST series,
- Luffing STL series,
- Derrick Q series.

Our long term investment in research and development have enhanced our ability to compete effectively in our industry. Since we commenced manufacturing towercranes, our research and development team has successfully designed and developed about 60 models and sub-models of towercranes. This in house capability has not only broadened our product range but also helped us remain competitive and respond more quickly to market needs.

Our established track record in the PRC include many important and prominent projects such as:

- China National Opera House in Beijing,
- Qinshan Nuclear Power Station,
- Beijing International Airport, Terminal 3,
- Shanghai South Railway Station,
- Changjiang River Bridge,
- Fujian LNG Project,
- Beijing Olympic Village & Sports Hub,
- Expo 2010 Shanghai,
- Guangzhou Yangxi Power Plant,
- Anhui Wuhu Power Plant,
- Hebei Caofeidian Power Plant,
- Beijing Daxing International Airport.

In the overseas markets, our towercranes were deployed in a number of significant projects such as:

- Imperial Wharf, UK,
- 22 Marsh Wall (The Landmark), London, UK,
- City of Dreams casino, Macau,
- Studio City, Macau,
- Kai Tak Cruise Terminal, Hong Kong,
- AZ – St. Jan General Hospital, Brugge, Belgium,
- Gold Coast University Hospital, Australia,
- Marina One, Singapore,
- Hongkong-Zhuhai-Macau Bridge,
- Helsinki Parliament House, Finland,
- Helsinki Vantaa International Airport, Finland.

We have a high level of expertise and experience required for design and development of towercranes, a strong track record and a wide customer base. We have also achieved various safety standards prescribed for cranes by different countries and the required certifications and approvals for export and deployment in these countries.

Our Products & Manufacturing Facilities

PRODUCTS

Our products are used mainly in construction sites, infrastructure projects and in the shipbuilding industry. Our towercranes are broadly classified into 4 series namely ST series, Topless STT series, Luffing STL series and Derrick Q series.

MANUFACTURING FACILITY AND PROCESS

Our production facilities are located in the PRC, namely Fushun City, Liaoning Province, and Beijing City. Our latest state-of-the-art manufacturing facility in Fushun City incorporates modern manufacturing process flow, robotic welding arms and other high-tech machineries. With a stringent quality assurance system in place, we are generally able to deliver a towercrane within 30 to 90 days.

ST

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

Topless STT

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

Luffing STL

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

Derrick Q

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

Our Global Presence

NORTH AMERICA
United States

SOUTH AMERICA
Brazil
Chile
Columbia
Ecuador
Panama

EUROPE
Austria
Belgium
Finland
France
Germany
Holland
Hungary
Ireland
Poland
Romania
Russia
Turkey
Ukraine
United Kingdom

Extending Our Reach to Cater to Greater Customers' Needs

AFRICA

Angola
Libya
Mauritius
Nigeria
Rwanda
South Africa
Tanzania
Tunisia
Zambia

MIDDLE EAST

Bahrain
Iran
Iraq
Israel
Jordan
Kuwait
Oman
Qatar
Saudi Arabia
Syria
UAE
Yemen

ASIA

Afghanistan
Azerbaijan
China
Hong Kong
India
Indonesia
Laos
Macau
Malaysia
Myanmar
Pakistan
Philippines
Singapore
South Korea
Sri Lanka
Taiwan
Thailand
Vietnam

AUSTRALIA

Australia
New Zealand

Chairman's Statement

Mr Sun Zhao Lin (Executive Chairman)

Dear Shareholders,

The Year in Review

The year in review was one of notable progress for the Group as our focus on mega and large size towercranes for infrastructural projects continues to be validated by stronger results and new milestones. Growing demand for our towercranes to be used in infrastructural projects in the PRC overcame uneven demand in the residential projects segment and the mixed performance in overseas markets.

Revenue for the financial year 2017 ("FY2017") rose by 26.3% to RMB574.5 million as compared to RMB455.0 million in the financial year 2016 ("FY2016"). In FY2017, the PRC, our largest market continues to show promises. The increase in revenue was driven largely by the sales of towercranes for large infrastructural projects in the PRC such as power plants, the Beijing New Airport in Daxing and the Beijing-Tongzhou Municipal Government Project. Higher revenue and gross profit margin in turn drove the Group's net profit attributable to equity shareholders to increase from RMB3.9 million in FY2016 to RMB28.1 million in FY2017.

Delivering Excellence

One of our latest mega-sized models, the STT3330, launched in 2016, has been successfully deployed in Anhui Wuhu Power Plant (安徽芜湖电厂) and Hebei Caofeidian Power Plant (河北曹妃甸电厂). It is one of the largest Topless STT towercranes in the world with a maximum lifting capacity of 160 tonnes and working radius of 85 metres. This state-of-the-art model has received positive reviews within the industry for its efficiency and performance in mega infrastructure projects. The success is a remarkable milestone of the Group, propelling the Group to the forefront of the towercranes industry.

Catering to the growing demand of mega-sized towercranes used in the construction of cleaner technology power plant, the Group has also launched a new model - STT2630 towercrane during the year. The STT2630 has a maximum lifting capacity of 120 tonnes and working radius of 80 metres. It has been successfully deployed in Shanxi Changzhi Power Plant (山西长治电厂).

In addition to the above noteworthy projects in the PRC, we also set new milestones in other countries. We managed a significant breakthrough in Indonesia market, where we are delivering our STT2630 towercrane to take part in the construction of a 2,000 megawatt coal power station in Banten Province.

Further west, another project of note is the commissioning of our STT1330 towercrane for the construction of a new terminal at the Helsinki Vantaa International Airport in Finland. The STT1330, with a maximum lifting capacity of 64 tonnes, is the very first large-sized Topless STT towercrane to be exported to Finland.

Driving Long-Term Growth in the PRC

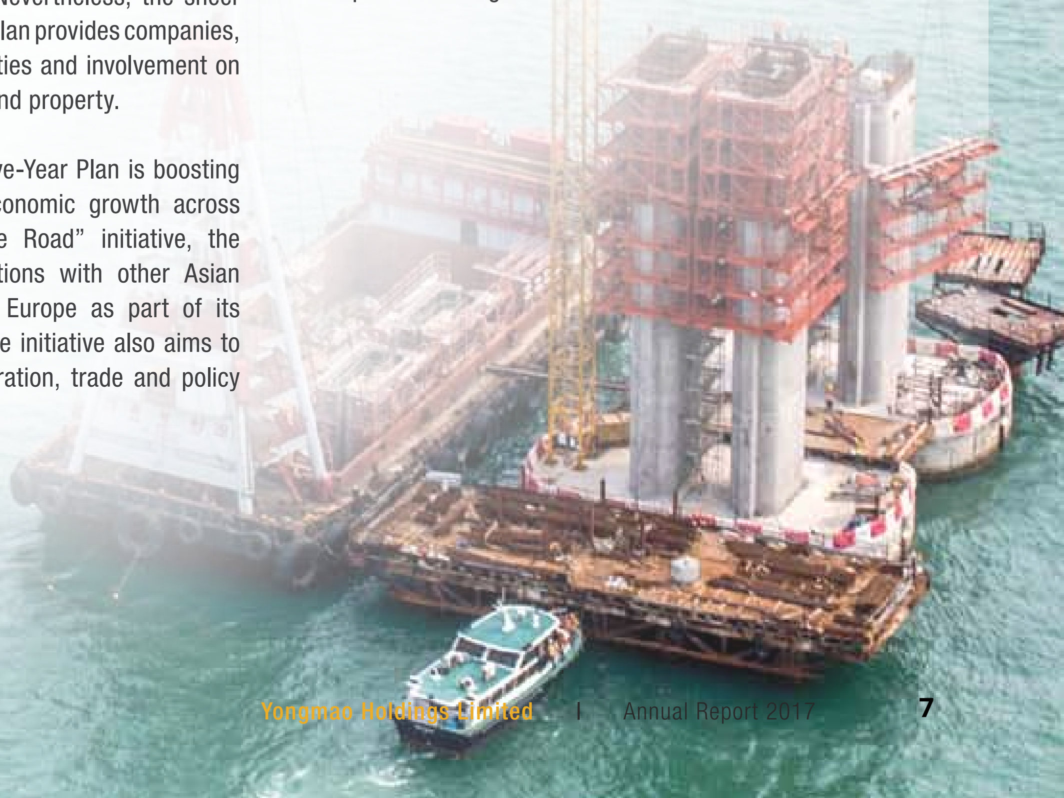
The Group's long-term strategy has always involved strengthening our operations in our core market – the PRC. Our multi-pronged strategy involves capitalising on the PRC's numerous development programmes that focus on augmenting infrastructure around major cities and business hubs. These infrastructure programmes provide the Group with opportunities to participate in various projects and further build our presence and strengthen the brand.

The PRC is often regarded as home to the world's largest construction market, but growth is likely to decelerate over the next 10 years as the government implements reform to address the debt risks and move the economy toward a consumption-led model. Research reports estimate the PRC's construction sector is likely to grow by about 6.8% in 2017 and 6.0% in 2018, supported by ongoing investment in the infrastructure sector outlined by the 13th Five-Year Plan. Nevertheless, the sheer scale of the government's development plan provides companies, such as our Group, business opportunities and involvement on the back of demand for infrastructure and property.

An essential component to the 13th Five-Year Plan is boosting international trade and stimulating economic growth across the region. With the "One Belt, One Road" initiative, the PRC endeavours to enhance its relations with other Asian nations, the Middle East, Africa and Europe as part of its strategic development of trade ties. The initiative also aims to create a platform for economic cooperation, trade and policy coordination, and social and cultural collaboration. With modern infrastructure projects playing a key role in attracting more investment and trade along the "One Belt, One Road" route, the Group foresees opportunities to deploy its mega and big size towercranes and actively contribute in the execution of the programme in the region.

The Group will also be looking to tap on the PRC's ongoing National New Urbanisation Plan which is a people-focused urbanisation initiative that aims to transform rural residents into urban residents. The plan involves developing cities and small towns to accommodate some 100 million new urban residents by 2020. This should alleviate overcrowding in major cities and promotes consumption to boost GDP. In particular to the high level of urbanisation within the Yangtze River Delta (YRD) Economic Zone, a number of the region's provinces are currently engaged in building several urban clusters, including construction of individual cities, cross-regional transportation systems and other infrastructure development projects.

The April announcement of the Special Economic Zone (SEZ) in Xiongan, located at the centre of Beijing, Tianjin and Hebei portends stronger construction spending and suggests authorities are likely to remain reliant on investment to help support long-term growth. As part of the PRC's development strategy, the project involves the systematic relocation of non-essential functions from Beijing to neighbouring locations and aims to promote better economic structure and regional development. This government-led initiative augurs positively for our Group since the plan will also coordinate with the development of infrastructure, industrial upgrading, and transportation integration.



Intensifying Our Global Outreach

Demand for higher-end towercranes continues to grow globally in line with the construction industry trends focusing towards sustainability as well as energy and labour efficiency. The use of offsite construction, also called modular or prefabrication, is likely to continue to grow in 2017 as quality, time and labour concerns make alternatives to traditional construction methods more attractive.

In Singapore, the Building and Construction Authority (BCA) is encouraging wider adoption of Prefabricated Pre-finished Volumetric Construction (PPVC), by having the Public Sector, in particular The Housing & Development Board (HDB), to take the lead. PPVC is a construction method whereby free-standing volumetric modules (complete with finishes for walls, floors and ceilings) are constructed and assembled in an accredited fabrication facility. The game-changing technology will gain savings in time and manpower at the construction site. We believe our track record and wide array of towercranes with various lifting capacity are well poised to meet the industry needs and that of our customers.

Meanwhile, prospects for other Asia markets are mixed. Countries like Macau will likely remain stagnant in construction activities while we see more opportunity in Myanmar and Indonesia markets where urbanisation continues to drive primary infrastructure needs. In FY2017, we have deployed our luffing cranes STL420 in Myanmar. The country expects a more vibrant post-election economy and we intend to gain growth momentum in such emerging market.

In Taiwan, we recognise the growing opportunity to expand our market share as the upcoming replacement needs urged by more stringent regulation enforced on the age of towercranes and more focus on industry safety. Since 2015, our large crane models – STL420, STL660C and STL720 – have been successfully deployed in Taiwan for various infrastructure works.

Capitalising on Our Technical Expertise

To reinforce our competitive edge within the industry, the Group continues to make strides in product innovation, design and quality. We remain committed in innovating and developing new solutions to meet the ever-changing needs of our customers. Our capable research and development team of engineers and technicians constantly seek to push the limits in design and functionality, as well as finding ways to improve production and control costs.

Furthermore, our business emphasizes on adhering to international safety standards by putting in place a stringent quality assurance system. We pride ourselves by securing all key safety certifications for our towercranes in different countries.

This year, the Group had successfully launched 2 new models, the STT2630 and STT1330 and filed four new patents, which will help in broadening our already extensive product range, and allow us to remain competitive and uphold our leadership position.

Sustaining Our Forward Momentum

The Group will continue to effectively manage operating costs and business risks to remain competitive. It will also continue to explore strategic collaborations and leverage on its research and design capabilities and track record as a leading towercrane manufacturer, design specialist and solution provider to target complex and high value projects to grow the business further.

At Yongmao, we consider our human capital as indispensable towards sustainability and progress. The Group also places strong emphasis on the training of its employees to improve technical capability so as to provide better services to our customers.

In our continuous efforts to spur product design towards international levels, we will further optimise and upgrade our products and accelerate the implementation of smart manufacturing initiatives to improve production standards.

Moving forward, we continue to unlock new avenues of building a sustainable and thriving business. Against such a dynamic background of economic activity, we will continue to effectively manage costs, develop marketing and brand strategies, and extend our strategy of creating value for our customers. This is in line with our vision to build the Yongmao brand into an innovative and competitive corporation.

Dividend and Acknowledgements

On behalf of the Board, I would like to express my gratitude to the management, employees, joint venture partners and shareholders for their continued support and contribution, particularly given the significant investments and development we have made, and the strides at which we have executed on our vision.

To show our appreciation, we are rewarding our shareholders with a final dividend of 1.0 Singapore cents for FY2017 to be approved at the upcoming Annual General Meeting.

We are driven towards creating a robust and resilient company that can consistently deliver long-term value to our shareholders. Let us continue to bring Yongmao forward, as we continue to seek out new growth opportunities beyond.

Sun Zhao Lin
Executive Chairman

Operations Review

***Ms Tian Ruo Nan** (Chief Executive Officer)*

Income Statement

In FY2017, the Group achieved a 26.3% year-on-year increase in revenue to RMB574.5 million as compared to RMB455.0 million in FY2016. This was mainly attributable to stronger demand for larger-sized towercranes, in particular our core market in the PRC. Sales in the PRC grew significantly by 113.6% to RMB283.3 million in FY2017 as compared the RMB132.6 million reported in FY2016.

The Group's key business segments performed well, with the sale of manufactured towercranes continuing to be the main engine driving our growth. This segment registered RMB360.7 million in revenue made up 62.8% of our turnover during the year in review. Meanwhile, sale of towercrane components and accessories also grew, contributing RMB62.8 million. Revenue from our rental and service segments increased by 62.7% and 37.1% respectively, for the year under review.

Overall, PRC sales formed the largest market of the Group, contributing 49.3% of total revenue in FY2017 as compared to 29.1% in FY2016. Sales in Asia (outside the PRC) comprised 38.6% of total revenue, while USA, Europe and Middle East contributed 12.1% in FY2017.

With an increase in Group revenue, gross profit increased by 39.0% from RMB141.2 million in FY2016 to RMB196.3 million in FY2017. Average gross profit margin increased to 34.2% in FY2017 from 31.0% in FY2016. The increase was mainly attributable to sales of more larger-sized towercranes of higher lifting capacity and luffing series towercranes which generate higher gross margin.

Other income decreased by 41.6% to RMB4.6 million in FY2017 mainly due to lower interest income offset by higher compensation income from customers and suppliers. Total operating expenses increased 11.2% to RMB160.8 million in FY2017 as compared to RMB144.6 million in FY2016.

In summary, we managed to achieve a net profit attributable to shareholders amounting to RMB28.1 million in FY2017 as compared to RMB3.9 million in FY2016.

Process Improvement & Product Rationalisation

Our philosophy has always been centred on innovation; our competitive edge involves being at the forefront of industry needs and delivering solution that ultimately unlock greater value for our stakeholders.

In FY2017, in our continuous pursuit of productivity efficiency and cost savings initiative, we have made various changes to improve our production processes. We continued with our effort to find approaches to re-configuring our automated robotic welding arms with different welding positions and angles. We further look into improving our production workflow and processes targeting at minimising double handling and reducing machine idle time. These initiatives have been refined to greater efficiency and with further fine-tuning will help generate greater savings in future.

We have also introduced a parts standardisation exercise across our range of towercrane models. This significantly reduced the range and volume of parts to be maintained, and also made it possible to reduce development resources, cut costs, stabilize quality and reduce inventory holding cost.

Our research and development team continued to be at the forefront, developing a comprehensive suite of towercranes with advanced mechanisms that cater to the evolving needs of the industry. We also maintained our strong track record in after sales service, as we continued to provide our customers with specialised service technicians who offer valuable technical guidance.

Operations Review

In FY2017, we continued to grow the brand's presence via trade shows and exhibitions. We participated in the tri-annual "Munich-Germany Bauma 2016" 31st International Trade Fair in April 2016 and the bi-annual "Shanghai-PRC Bauma 2016" 8th International Trade Fair in last November. The Bauma is the world largest trade fair for Construction Machinery, Building Material Machines, Mining Machines and Construction Vehicles. The exhibition provided companies such as our Group to showcase their range of construction machinery to potential customers on an international platform.

Alongside these developments, we remain committed in complementing our business development and marketing efforts by seeking strategic business partnerships to further improve our global presence and performance. The Group will also continue to boost its marketing and branding efforts through trade shows and exhibitions.

Looking Ahead

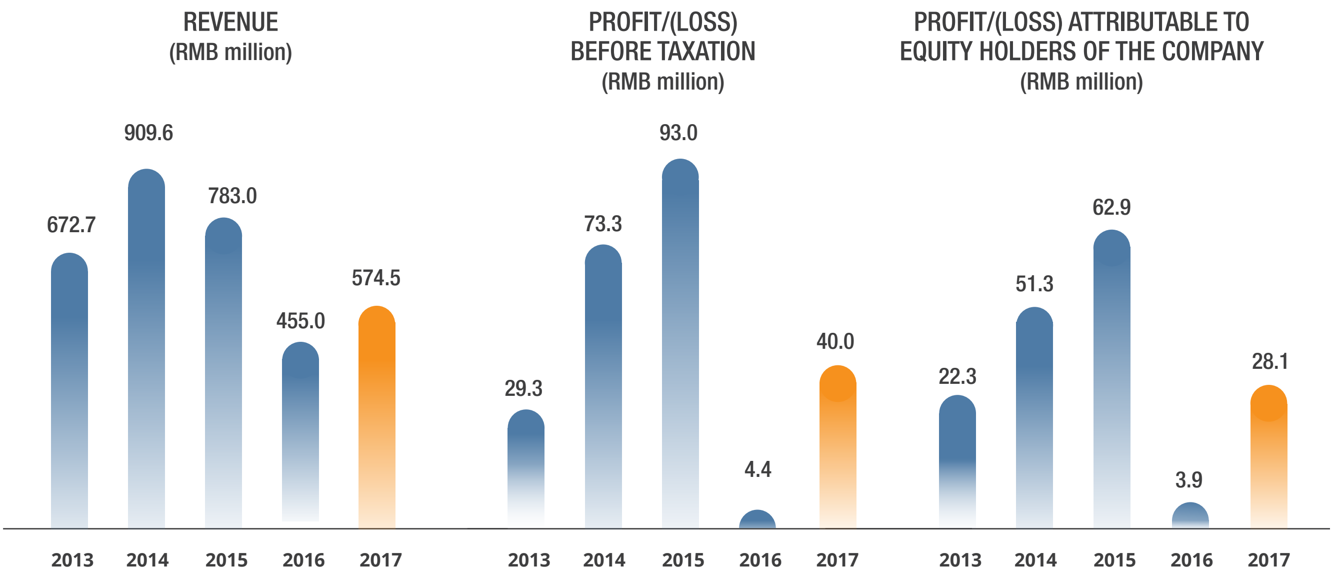
In the coming financial year, we intend to maintain our focus on the PRC market, and seize on opportunities that arise from the country's intensified development programmes and initiatives. We are cautiously optimistic that there will be steady demand for our high-capacity towercranes as the country continues to roll-out its urbanisation and modernisation plans. We believe that we have the capabilities and resources to keep up with the pace and scale of the PRC's growth.

On the other hand, the global economy is expected to pick up moderately with stronger business and consumer confidence, rising industrial production and recovering employment and trade flows. But structural impediments to a stronger recovery may mean that risks remain tilted to the downside, especially over the medium term.

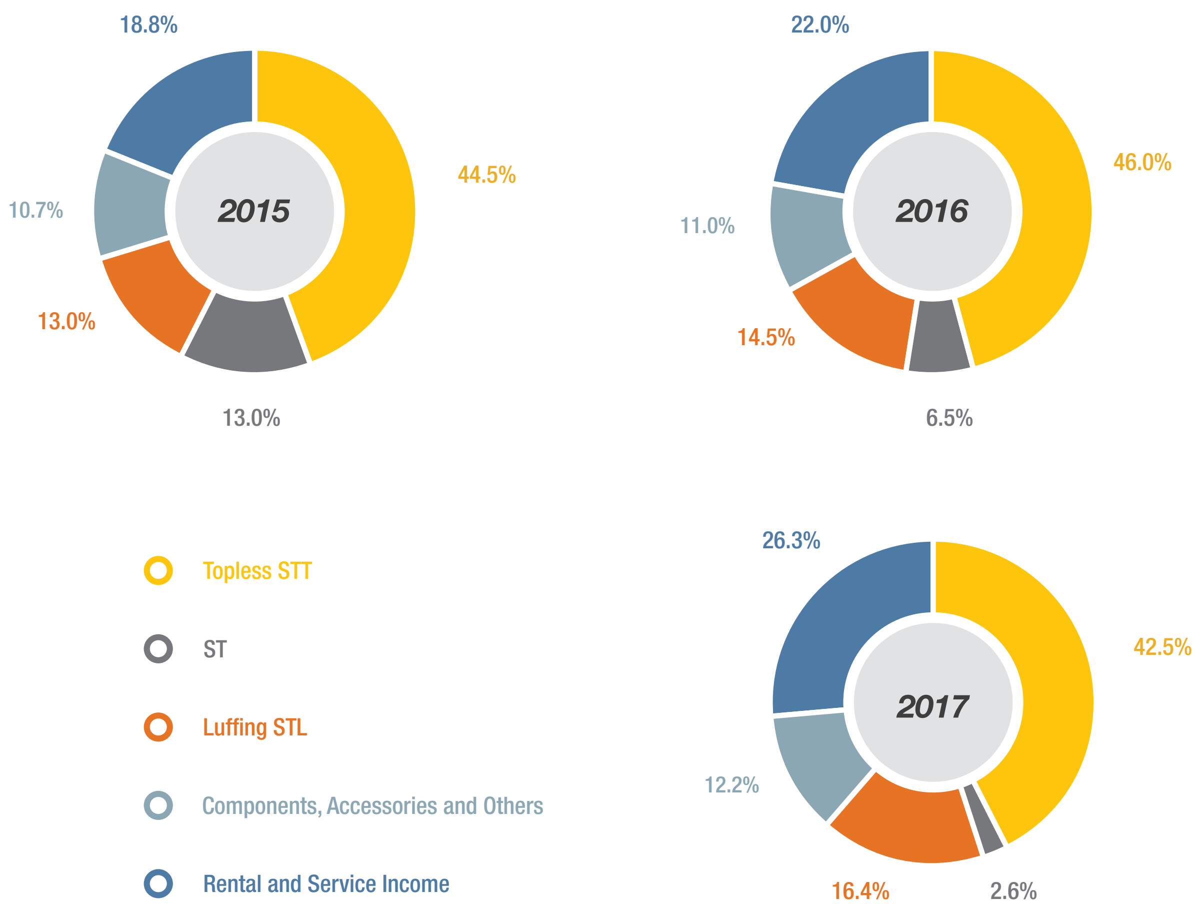
To ensure sustainable growth, we will continually pursue new opportunities in established markets, create strategic alliances overseas, and further invest in specialised equipment. Internally, we will explore new means of improving our efficiency and cost management. We will also look into strategic initiatives that will be built upon our current momentum and seek to further strengthen our operations amidst a challenging operating environment. We believe that these initiatives will help the Group in achieving greater value in the future.

Tian Ruo Nan
Chief Executive Officer

Financial Highlights

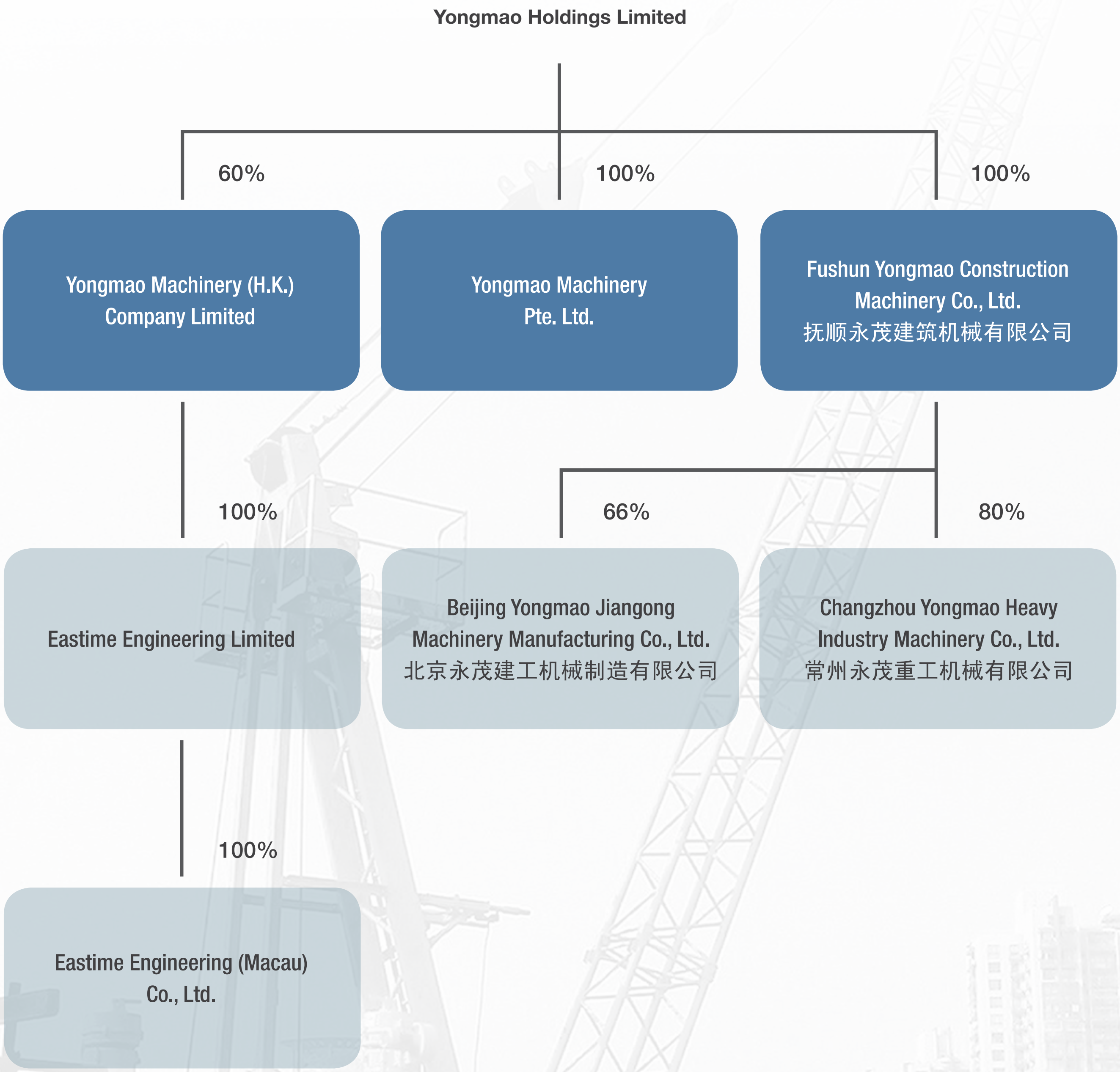


REVENUE BREAKDOWN BY PRODUCTS (%)



Corporate Structure

as at 31 March 2017



Corporate Information

COMPANY REGISTRATION NUMBER

200510649K

REGISTERED OFFICE

81 Ubi Avenue 4, #09-01 UB. One
Singapore 408830
Tel: 6636 3456 Fax: 6636 2960

DIRECTORS

Sun Zhao Lin
Sun Tian (also alternate to Sun Zhao Lin)
Tian Ruo Nan
Ng San Tiong
Chua Kee Lock
Ho Chew Thim
Dr Steve Lai Mun Fook

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

SECRETARY

Chew Kok Liang

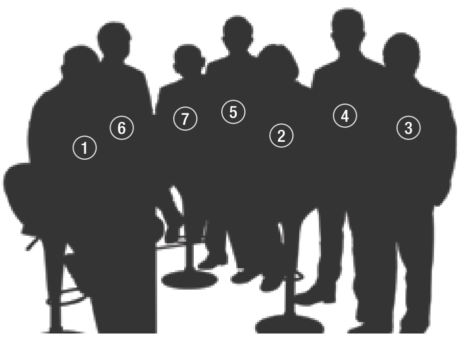
SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24, Raffles Place, #07-03 Clifford Centre
Singapore 048621
Partner-in-charge: Chang Fook Kay
(appointed since financial year ended 31 March 2014)

Board of Directors



1. Mr Sun Zhao Lin
2. Ms Tian Ruo Nan
3. Mr Ng San Tiong
4. Mr Sun Tian
5. Mr Chua Kee Lock
6. Mr Ho Chew Thim
7. Dr Steve Lai Mun Fook

MR SUN ZHAO LIN

Executive Director and Chairman

Mr Sun Zhao Lin is our Executive Chairman. He is the founder of our Group and was appointed to our Board on 3 August 2005. Mr Sun is responsible for the formulation and execution of overall business strategy and policies and future direction as well as the overall management of our Group. He has more than 20 years' experience in the crane manufacturing industry. He started his career as a sales representative at Fushun No.4 Chemical Plant (抚顺市化工四厂). Mr Sun graduated from Liaoning Correspondence Party School (辽宁刊授党校) in 1998 having majored in Economics. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Engineer) (专业技术职称证书 (高级工程师)) from the Liaoning Provincial Personnel Department (辽宁省人事厅). In 2005, he received the Liaoning Province Outstanding Business Entrepreneur award (辽宁省优秀民营企业家) from the Liaoning Province Small-Medium Enterprise Association (辽宁省中小企业联合会). In 2006, Mr Sun received the "Model Labour Award for Year 2005" (2005年度劳动模范) and the "Liaoning Province Model Labour Award" from Shuncheng District People's Government (顺城区人民政府) and Liaoning Province People's Government (辽宁省人民政府) respectively. In 2011, he was awarded the Outstanding Contribution Award (抚顺市杰出贡献奖) by Fushun Municipal Government. (抚顺市政府) In 2012, he was awarded the Outstanding Contribution Award for the Year (2012年度支持商会建设突出贡献奖) by Fushun Municipal Association of Industry and Commerce/Fushun Municipal General Chamber of Commerce (抚顺市工商业联合会/抚顺市总商会). In 2014, he was awarded the Outstanding Entrepreneurs Honorary Award (抚顺市优秀企业家荣誉称号) by Fushun City Federation of Trade Unions (抚顺市总工会).

Mr Sun is currently Vice President of the Liaoning General Chamber of Commerce (辽宁省总商会副会长).

MS TIAN RUO NAN

Executive Director and Chief Executive Officer

Ms Tian Ruo Nan is our Chief Executive Officer. She is a co-founder of our Group and was appointed to our Board on 28 December 2007. Ms Tian is responsible for and oversees the day-to-day management of our Group. She has more than 20 years' experience in the crane manufacturing industry. Ms Tian started her career as a laboratory technician at Fushun No.4 Chemical Plant (抚顺市化工四厂) in December 1977. Ms Tian graduated from Dongbei Normal University (东北师范大学) in 1999 having majored in Economics. She received the "Model Worker" (劳动模范) award for 2004 and 2005 from Shuncheng District People's Government (顺城区人民政府) and the "Fushun Foreign Investment Enterprise Outstanding Business Entrepreneur" award for 2006 and 2008 from Fushun Municipal People's Government (抚顺市人民政府). In 2008, she was awarded the "Bohai Region Outstanding Woman Entrepreneur Award" (环渤海区域杰出创业女性) by Liaoning Province Women's Federation (辽宁省妇联). In 2009, she was also awarded the "Top 10 Most Outstanding Woman Award" (十大杰出女性) by Fushun Municipal Women's Federation (抚顺市妇女联合会). In 2010, she was awarded the Woman's Award Winner (三八红旗手) by Liaoning Provincial Women's Federation (辽宁省妇联), "The Heroine" (巾帼英雄) award by Liaoning Provincial Trade Union (辽宁省总工会) and the Good builder of Socialism with Chinese characteristics (优秀中国特色社会主义建设者) by Fushun Municipal Association of Industry and Commerce (抚顺市工商联). In 2011, she was named the National Woman's Award Winner (全国三八红旗手) by the China Women's Federation (全国妇联). In 2012 she was also named "Supervisor of the Government's Work Style in Quality Supervision Bureau" (质量监督局风行监督员). In 2013, she was awarded "National 1st May Women Pacesetter" (全国五一巾帼标兵2013年) by the All-China Federation of Trade Union (中华全国总工会). In 2012 and 2014, she was named the Outstanding Leader in National Construction Machinery & Elevator Industry QC Group (全国建机与电梯行业质量管理小组活动卓越领导者) by the China Quality Association Construction Machinery Industry Branch (中国质协建设机械行业分会).

MR NG SAN TIONG

Non-Executive Director and Deputy Chairman

Mr Ng San Tiong is our Deputy Chairman and Non-Executive Director and was appointed to our Board on 28 June 2007.

Mr Ng is the Managing Director of one of the world's largest crawler crane rental company Tat Hong Holdings Ltd and he is vastly experienced in the areas of corporate management, business development and business management. He sits on the board of Tat Hong Holdings Ltd as well as its regional subsidiaries and associates across Malaysia, Indonesia, Australia and China. He also holds directorships in several listed companies in Singapore including Intraco Limited.

In addition, Mr Ng is the President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member on the Board of Directors of the Business China and a member on the Board of Trustees of the Chinese Development Assistance Council (CDAC).

Mr Ng graduated with a Bachelor of Science (Honours) Degree from Loughborough University, College of Technology, in the United Kingdom. He was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2002 and Bintang Bakti Masyarakat (Public Service Star) in 2010 by the President of Republic of Singapore. In September 2015, Mr Ng was appointed as the Justice of the Peace by the President of the Republic of Singapore.

Board of Directors

MR SUN TIAN
Executive Director and Group General Manager

Mr Sun Tian started as a Non-Executive Director and was initially appointed to our Board on 31 December 2005. Subseqently in August 2009, he joined our Group as a Sales Manager and an Executive Director responsible for the Group's business development and sales to customers outside the PRC. In October 2012, he was appointed as Group General Manager assisting our Chief Executive Officer in the management of Group's business.

Mr Sun graduated with a Diploma in Mechantronic Engineering from Ngee Ann Polytechnic in 2006. He was awarded the Motorola Silver Medal for being the second most outstanding graduate in the Diploma in Mechantronic Engineering course by Ngee Ann Polytechnic.

In June 2009, Mr Sun graduated from National University of Singapore with a Bachelor's degree in Mechanical Engineering.

MR CHUA KEE LOCK
Lead Independent Director

Mr Chua Lee Lock is our Lead Independent Director and was appointed to our Board on 28 December 2007. He is currently the Group President and CEO of Vertex Venture Holdings Ltd. Prior to that, from 2006 to 2008, Mr Chua was the President and Executive Director of Biosensors International Group, Ltd., a developer and manufacturer of medical devices used in interventional cardiology and critical care procedures. His other senior executive positions included Managing Director of Walden International Singapore from 2003 to 2006; Deputy President of NatSteel Ltd. from 2001 to 2003 and President & Chief Executive Officer of Intraco Ltd., a Singapore-listed trading and distribution company, from 2000 to 2001. Before joining Intraco Ltd., he was Co-Founder and President of MediaRing.com Ltd., a Singapore-listed company providing voice-over-Internet services, from 1998 to 2000. Mr Chua holds a Bachelor of Science in Mechanical Engineering from the University of Wisconsin, U.S. and a Masters of Science in Engineering from Stanford University, U.S..

MR HO CHEW THIM
Independent Director

Mr Ho Chew Thim is one of our Independent Directors and was appointed to our Board on 28 December 2007. He is an accountant by vocation. His career in financial management spanned over 40 years and he has held senior financial positions in mainly listed companies and banks. These includes China Water Holdings Pte Ltd (an associate of SGX-listed CNA Group Ltd), CNA Group Ltd, Achieva Limited, China World Trade Centre Ltd (an associate of Shangri-La Asia Limited), Poh Tiong Choon Logistics Limited, China-Singapore Suzhou Industrial Park Development Co Ltd, Development Bank of Singapore, Deutsche Bank (Singapore Branch), L & M Group Investments Ltd, United Industrial Corporation Limited and United Overseas Bank Limited. He is also an Independent Director on the Board of several public listed companies in Singapore.

Mr Ho is a Fellow Member of the Institute of Singapore Chartered Accountants and CPA Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976.

DR STEVE LAI MUN FOOK
Independent Director

Dr Steve Lai Mun Fook is one of our Independent Directors and was appointed to our Board on 28 December 2007. From November 2007 to August 2012, Dr Lai was the Chief Executive Officer of PSB Academy Pte Ltd. Dr Lai was previously the Deputy Chief Executive Officer of TUV SUD PSB Corporation and PSB Corporation Pte Ltd from April 2006 to March 2007 and from April 2001 to March 2006, respectively. From April 1996 to March 1998, Dr Lai was the General Manager (Standards & Technology) of Singapore Productivity & Standards Board. Dr Lai holds a Bachelor of Science (Hons) in Industrial Chemistry and a PhD from the Loughborough University of Technology, United Kingdom.

MR YAP SOON YONG

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

MR XU GUANG HUI

Mr Xu Chuang Hui is our Deputy General Manager of Fushun Yongmao Construction Machinery Co., Ltd. and is responsible for assisting the Chairman/CEO and Group General Manager in overseeing the overall operation matters of the Group's Fushun plant in PRC. Mr Xu joined our Group in 2008. Prior to joining our Group, Mr Xu was the Chief Financial Officer of Liaoning North Investment Co., Ltd (辽宁北方投资有限公司) from 2004 to 2008. From 1989 to 2004 he was with Bank of China, Fushun Branch-Business Department (中国银行抚顺分行公司业务部) first as a bank officer and rose to the post of General Manager. Mr Xu graduated from China Institute of Finance (中国金融学院) with a bachelor's degree in finance in 1989.

MR SHI YONG

Mr Shi Yong is our Group Sales and Marketing Manager and is responsible for the sales and marketing operations of our Group in PRC. Mr Shi joined our Group in 2008. Prior to joining our Group, Mr Shi was an engineer of Shenyang Construction Machinery Co., Ltd (沈阳建筑机械厂) from 1985 to 1993 and subsequently from 1993 to 2003 he was the sales manager. From 2003 to 2008, he was the sales manager with Shenyang Sanyo Building Machinery Co., Ltd. (沈阳三洋建筑机械有限公司). Mr Shi graduated from Shenyang Construction University (沈阳建筑大学) in 1985 with a bachelor's degree in engineering.

MR LIU XIAO MING

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

MR TIAN CHENG TIAN

Mr Tian Cheng Tian is our Purchasing Manager and is responsible for the sourcing of and purchase of raw materials for our manufacturing operations. He joined our Group since April 2001. Prior to this, Mr Tian was an engineer of Fushun Civil Designing Institute (抚顺市政设计研究院) from February 1994 to April 2004. From February 1994 to September 1979, he was a technician at Fushun Coal Mine Safety Instrument Plant (抚顺煤矿安全仪器厂). Mr Tian graduated from Liaoning Radio and Television University (辽宁电视大学) in 1992 having majored in Electric Automation. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Engineer) (专业技术职称证书 (高级工程师)) from the Liaoning Provincial Personnel Department (辽宁省人事厅).

MR YU HAO BO

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

Financial Contents

Corporate Governance Report

The Board of Directors (the "**Board**" or the "**Directors**") of Yongmao Holdings Limited (the "**Company**") recognises the importance of sound corporate governance in protecting the interest of its shareholders as well as strengthening investors' confidence in its management and financial reporting.

The Company, together with its subsidiaries (the "**Group**"), continue to be committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long term shareholders' value are met.

This report outlines the Company's corporate governance practices with specific reference made to the Code of Corporate Governance 2012 (the "**Code**"), undertaken with respect to each of the principles and guidelines; and the extent of its compliance with the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Company is headed by an effective Board comprising seven Directors of whom three are Executive Directors and four are Non-Executive with three Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enables them to contribute effectively to the strategic growth and governance of the Group.

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

The principal functions of the Board, apart from its statutory responsibilities, include:-

- Providing entrepreneurial leadership, setting strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Overseeing the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Ensuring the Management discharges business leadership and management skills with the highest level of integrity;
- Approving major investment and divestments proposals, material acquisitions and disposal of assets, major corporate policies on key areas of operations, annual budget, the release of the Group's quarterly and full year financial results and interested person transactions of a material nature;
- Setting the Company's values and standards, and ensuring that obligations to shareholders and others are understood and met;
- Assuming responsibility for corporate governance;
- Considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

Corporate Governance
Report

Board Committees

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and discharge its responsibilities more efficiently and to ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has delegated certain functions to various Board Committees. The Board Committees consist of Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These Board Committees have been constituted with clearly defined terms of reference. These terms of reference are reviewed on a regular basis to ensure their continued relevance. The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

Matters which are specifically reserved to the Board for decision includes material acquisitions and disposals of assets, corporate or financial restructuring, shareholders' matters, share issuances, dividends, and other returns to shareholders.

The Board is free to request for further clarification and information from the Management on all matters within their purview. The schedule of all the Board Committees' meetings for the financial year is usually given to all the Directors well in advance. The Board conducts at least four meetings on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

The Company's Constitution (the "**Constitution**") provide for Directors to conduct meetings by tele-conferencing or by means of similar communication equipment whereby all Directors participating in the meeting are able to hear each other clearly. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees also approve transactions through circular resolutions, which are circulated to the Board and Board Committees together with all the information relating to the proposed transactions.

As at the date of this report, the number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for the financial year ended 31 March 2017 ("**FY2017**") is set out as follows:-

		Board Committees		
	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	**4**	**4**	**1**	**1**
Name of Director	**No. of meetings attended**			
Executive Director				
Mr Sun Zhao Lin	3	3*	–	–
Ms Tian Ruo Nan	4	4*	–	–
Mr Sun Tian[1]	4	4*	1*	1*
Non-Executive Director				
Mr Ng San Tiong	2	2*	–	–
Mr Chua Kee Lock	4	4	1	1
Mr Ho Chew Thim	4	4	1	1
Dr Steve Lai Mun Fook	4	4	1	1

* *By invitation*
1 Alternate Director to Sun Zhao Lin

The Company has adopted a set of Approving Authority and Limit, setting out the level of authorisation required for specified transactions, including those that require Board's approval.

No new Director was appointed by the Company during FY2017. All new Directors will undergo comprehensive and tailored orientation programme to provide them with extensive background information about the Group's business structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The aim of the orientation program is to give Directors a better understanding of the Company's business and allow them to assimilate into their new roles. Any new Director who has no prior experience as a Director of a listed company will have to undergo intensive training and briefing on the roles and responsibilities of a Director of a listed company. Where appropriate, the Company will provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge.

New Directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for on-going education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") that affect the Company and/or the Directors in discharging their duties.

Directors also have the opportunity to visit the Group's operational facilities, including overseas offices, and meet with the Management to facilitate a better understanding of the Group's business operations.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and key changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. The External Auditors would update the AC and the Board on new and revised financial reporting standards annually.

The Company has an on-going budget for all Directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook. These include programmes conducted by the Singapore Institute of Directors or other training institutions.

Board Composition and Guidance

Principle 2: ***There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

As of the date of this report, the Board comprises the following Directors:-

Executive Directors	
Mr Sun Zhao Lin	Executive Director and Chairman
Ms Tian Ruo Nan	Executive Director and Chief Executive Officer
Mr Sun Tian (Alternate Director to Mr Sun Zhao Lin)	Executive Director and Group General Manager
Non-Executive Directors	
Mr Ng San Tiong	Non-Executive Director and Deputy Chairman
Mr Chua Kee Lock	Lead Independent Director
Mr Ho Chew Thim	Independent Director
Dr Steve Lai Mun Fook	Independent Director

The profiles of the Directors are set out on pages 16 to 18 of this Annual Report.

The Board's structure, size and composition are reviewed annually by the NC with a view to determine the impact of its number upon effectiveness. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and diverse expertise and experience given the nature and scope of the Group's operations. The Executive Directors have extensive experience in the crane manufacturing industry while the Non-Executive Directors are well established and competent in their respective professions. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company.

All Directors are required to disclose any relationships or appointment which would impair their independence to the Board timely. The independence of each Director will be reviewed on an annual basis by the NC in accordance with the Code's definition of what element constitutes an Independent Director. The NC is of the view that the three Non-Executive Directors (who represent at least one-third of the Board) are independent, i.e, they have no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more in the voting shares of the Company, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from the Management and the shareholders with shareholdings of 10% or more in the voting shares of the Company.

Although the Independent Directors of the Company do not make up half of the Board, there is a strong and independent element. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision without any individual or small group of individuals influencing or dominating the decision making process.

The NC is in the process of assessing and making transition changes to the board composition so that the number of Independent Directors will make up at least half of the Board before the FY2018.

In line with Guideline 2.4 of the Code, the NC with the assistance of the Management and the Company Secretary had conducted a rigorous review on the independence of the Non-Executive and Independent Directors, Mr Ho Chew Thim, Mr Chua Kee Lock and Dr Steve Lai Mun Fook who have served the Board beyond 9 years. The relevant factors that were taken into consideration in determining the independence of the Non-Executive and Independent Directors are set out under Principle 4 in page 25.

The Non-Executive and Independent Directors actively participated during the Board and Board Committee meetings to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. Where necessary, the Company would coordinate at least one informal meeting sessions for the Non-Executive and Independent Directors to meet without the presence of the Management before the quarterly meetings.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiary, which is based in Singapore.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

Mr Sun Zhao Lin, one of the founders of the Group, is our Executive Chairman of the Company. He is responsible for the formulation and execution of overall business strategies and policies and future directions as well as the overall Management of the Group.

As the Chairman, he is also responsible for representing the Board to shareholders, ensuring that Board meetings are held when necessary and Board members are provided with adequate and timely information. He approves the Board meeting agendas in consultation with the CEO, Chief Financial Officer ("**CFO**") and Company Secretary, who act as facilitators at the Board meetings, ensures the agenda items are adequately debated at Board meetings and maintains regular dialogues with the CEO on operational matters. In the absence of the Chairman, the Deputy Chairman, Mr Ng San Tiong will chair the Board meetings.

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

In view that the Chairman and the CEO are immediate family members and part of the Executive Management team, Mr Chua Kee Lock has been appointed as our Lead Independent Director of the Company pursuant to the recommendation in Guideline 3.3 of the Code. Where a situation arises that may involve conflict of interests between the roles of the Chairman and the CEO, it is the Lead Independent Director's responsibility, together with the other Independent Directors to ensure that shareholders' rights are protected. As the Lead Independent Director of the Company, Mr Chua Kee Lock is available to shareholders where they have concerns, which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or for which such contact is inappropriate.

All the Independent Directors including the Lead Independent Director, meet at least once annually without the presence of the other Executive and Non-Independent Directors to discuss matters of significance, which are thereon reported to the Chairman accordingly.

Hence, the Board believes that notwithstanding the close family ties between the Chairman and the CEO, the current composition of the Board is able to make precise objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power or influence.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Currently, the NC comprises three members all of whom, including the Chairman, are Independent Directors.

As at the date of this report, the members of the NC are:-

Dr Steve Lai Mun Fook	Chairman
Mr Chua Kee Lock	Member
Mr Ho Chew Thim	Member

In accordance with the definition in the Code, the Chairman of the NC has no relationship with the Company, its related corporations, its shareholders with shareholdings of 10% or more in the voting shares of the Company or its officer.

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

The NC is regulated by its terms of reference and its key functions include:-

- Making recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;

- Regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group and making recommendations to the Board with regards to any adjustments that are deemed necessary;

- Identifying and nominating candidates for the approval of the Board, determining annually whether or not a Director is independent, filling Board vacancies as and when they arise as well as putting in place plans for succession, in particular for the Chairman and the CEO;

- Determining the independence of Directors on an annual basis in accordance with Guideline 2.3 of the Code;

- Recommending Directors who are retiring by rotation to be put forward for re-election;

- Deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;

- Recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards;

- Assessing the effectiveness of the Board and Board Committees as a whole;

- Deciding on how the Board's performance may be evaluated and propose objective performance criteria; and

- Reviewing the training and professional development programs for the Board.

The NC meets at least once a year. Regulation 117 of the Company's Constitution requires the number nearest to one-third of the Directors to retire by rotation and subject themselves to re-election by the shareholders at the Annual General Meeting ("**AGM**") of the Company. In addition, each Director of the Company shall retire from office once every three years. Directors who retire are eligible to stand for re-election. Regulation 121 of the Company's Constitution provides that additional Directors appointed during the year shall only hold office until the next AGM and shall then be eligible for re-election at that AGM.

The dates of initial appointment and last re-election of each Director are set out below:-

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Directorships in other listed companies	
				Current	Past three years
Mr Sun Zhao Lin	Chairman	5 August 2005	21 July 2014	–	–
Ms Tian Ruo Nan	Director	28 December 2007	29 July 2016	–	–
Mr Ng San Tiong	Director	28 June 2007	27 July 2015	1. Tat Hong Holdings Ltd 2. Intraco Ltd	1. CSC Holdings Ltd
Mr Sun Tian	Director	31 December 2005	27 July 2015	–	–
Mr Chua Kee Lock	Director	28 December 2007	27 July 2015	–	1. SHC Capital Asia Limited 2. Logitech International S.A.
Mr Ho Chew Thim	Director	28 December 2007	29 July 2016	1. Mencast Holdings Ltd. 2. China Kunda Technology Holdings Limited 3. Hengyang Petrochemical Logistics Limited 4. DeClout Limited 5. Manulife US Real Estate Management Pte Ltd 6. Procurri Corporation Limited	1. R H Energy Ltd.
Dr Steve Lai Mun Fook	Director	28 December 2007	29 July 2016	1. Intraco Ltd	–

The NC has also adopted internal guidelines addressing the commitments that are faced when Directors serve on multiple boards. For the current financial year, the NC has reviewed the multiple Directorships disclosed by each Director of the Company and their other principal commitments. The NC is satisfied that each Director has allocated sufficient time and attention to the affairs of the Group to adequately discharge their duties as Director of the Company. Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The NC and the Board will review the requirement to determine maximum number of listed board representations as and when it deems fit.

The Group has in place, policies and procedures for the appointment of new Directors, including the description on the search and nomination procedures. Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a Director.

The NC does not have a practice of appointing alternate Directors to Independent Directors except for limited periods in exceptional cases such as when a Director has a medical emergency. There were no alternate Directors appointed in this financial year except that Mr Sun Tian, the Executive Director and Group General Manager, is the alternate Director to Mr Sun Zhao Lin, Executive Director and Chairman.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors are Mr Sun Zhao Lin, Mr Sun Tian and Mr Ng San Tiong who will retire pursuant to Regulation 117 of the Company's Constitution.

In view of the Independent Directors, Mr Ho Chew Thim, Mr Chua Kee Lock and Dr Steve Lai Mun Fook who have served the Board of the Company for more than 9 years from the date of their first appointment and the recommendation of Guideline 2.4 of the Code, the NC has conducted a rigorous review on their independence together with the Management and the Company Secretary.

Each of the NC members who are subject for the rigorous review is required to complete a detail assessment and evaluation form before the rigorous review is conducted with the Management and the Company Secretary. Throughout the process of review, each of the NC members abstained from participating in the discussion and voting on any resolutions related to his independence.

The NC with the concurrence of the Board has assessed the independence of Mr Ho Chew Thim, Mr Chua Kee Lock and Dr Steve Lai Mun Fook individually, and is satisfied that there are no relationships which would deem them not to be independent.

In considering whether an Independent Director who has served on the Board for more than nine (9) years is still independent, the Board has taken into consideration the following factors:-

a. The considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company.

b. The attendance and active participation in the proceedings and decision making process of the Board and Board Committee meetings.

c. Provision of continuity and stability to the Management at the Board level as the Independent Director has developed deep insight into the business of the Company and possesses experience and knowledge of the business.

d. The qualification and expertise provides reasonable checks and balances for Management.

e. The Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared, responsive and heavily involved in the discussions in meetings.

f. The Independent Director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.

g. The Independent Director has led the Board Committees effectively in making independent and objective decisions.

In this regard, the NC with the concurrence of the Board, has reviewed the suitability of Mr Ho Chew Thim, Mr Chua Kee Lock and Dr Steve Lai Mun Fook being the Independent Directors having served on the Board for beyond nine (9) years and considered that Mr Ho Chew Thim, Mr Chua Kee Lock and Dr Steve Lai Mun Fook remain independent.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Directors to the effectiveness of the Board.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established a formal process for assessment of the effectiveness of the Board as a whole and its Board Committees. The NC had decided unanimously, that the Directors will not be evaluated individually but factors taken into consideration for the re-nomination are the extent of their attendance, participation and contributions in the proceeding of the meetings.

The NC undertakes a process to assess the effectiveness of the Board as a whole and its Board Committees for FY2017. The appraisal parameters focused on evaluation of factors such as the size and composition of the Board and its Committees, the Board's access to information, Board's processes and accountability, Board's performance in relation to discharging its principal responsibilities, communication with the Management and the standards of conduct of the Directors. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During the financial year, the NC met to discuss and assess the evaluation of the Board's performance as a whole and its Board Committees and the results of the assessment has been communicated to and accepted by the Board. The current performance criteria will not change from year to year unless they are deemed necessary and that the Board is able to justify the changes.

The NC, in considering the re-nomination of any Director, had considered factors including their performance in the Board as a whole, its Board Committees and individual performance including his attendance, preparedness, participation and contributions in the proceedings of the meetings.

Access to Information

Principle 6: In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibility, the Management strives to provide the Board with a management report containing comprehensive, complete and adequate information in a timely manner prior to the Board meetings for the Board to be effective in discharge of its duties.

The Board papers which include the background and/or explanatory information to matters to be brought before the Board for each meeting are normally prepared and circulated in advance to all Directors prior to the scheduled meetings. This is to give Directors sufficient time to review and consider the matters to be discussed so that discussion can be more meaningful and productive. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant developments or events relating to the Group.

The Board has a separate and independent access to the key management personnel, including the Company Secretary at all times. The Company Secretary and/or his representatives attends all Board and Board committees meetings, and assists the Chairman in ensuring that proper procedures and all other rules and regulations applicable to the Company are complied with. The decision to appoint or remove the Company Secretary is made by the Board as a whole.

The Management keeps the Board informed of the Company's operations and performance through quarterly meetings, regular updates and reports as well as through separate meetings and discussions. The Management will present reports and updates on the Group's performance, financial position, prospects and other relevant information for review at each Board meeting. The Board is entitled to request from Management any additional information needed to make informed decision. In addition, all other relevant information on material events and transactions are circulated by electronic mail and facsimile to the Directors for review and approval. The key management staff may be invited to attend the Board and the AC meetings to answer queries and to provide insights into its Group's operations.

The Board takes independent professional advices as and when necessary to enable it or the Independent Directors to discharge its or their responsibilities effectively. Each Director has the right to seek independent legal and other professional advice, at the Company's expenses, to assist them in performing their duties.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.

The RC currently comprises of three members, all of whom including the Chairman are Non-Executive Independent Directors.

During FY2017, the members of the RC are:-

Mr Chua Kee Lock	Chairman
Dr Steve Lai Mun Fook	Member
Mr Ho Chew Thim	Member

The RC is regulated by its terms of reference and its key functions include:-

- Reviewing and recommending to the Board the remuneration packages and terms of employment of the Executive Directors, and senior management or key management personnel;

- Reviewing and recommending to the Board the grant of share options schemes or any long term incentive schemes which may be set up from time to time;

- Carrying out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;

- Ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered; and

- Reviewing process shall take into consideration Principle 8 and Guidelines 8.1 to 8.4 of the Code, that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Director's and senior management's performance, and that the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises. No individual Director shall be involved in deciding his/her own remuneration.

Each member of the RC shall abstain from making any recommendations on or voting on any resolutions in respect of his/her own remuneration package.

The Directors' fees to be paid to the Directors are subject to shareholders' approval at the forthcoming AGM.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and senior management commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other key management personnel) is reviewed periodically by the RC and the Board.

The Non-Executive and Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. Directors' fees are recommended by the Board, subject for approval by the shareholders at the AGM of the Company.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

The service agreements entered into with the three Executive Directors are subject to review by the RC, namely, (1) Mr Sun Zhao Lin is for a period of two years with effect from 1 January 2017 and will continue for a further term of two years unless otherwise terminated by either party giving not less than six months' notice in writing to the other; (2) Ms Tian Ruo Nan is for a period of two years with effect from 1 January 2017 and will continue for a further term of two years unless otherwise terminated by either party giving not less than six months' notice in writing to the other; and (3) Mr Sun Tian is for a period of two years with effect from 12 October 2016 and will continue for a further term of two years unless otherwise terminated by either party giving not less than three months' notice in writing to the other.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The terms of the contracts of services of Executive Directors and the key management personnel, including termination clauses, are in line with market practices and are not overly generous.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The Company currently has no employee share option schemes or other long-term incentive scheme in place. The RC will explore a suitable incentive plan/scheme as and when it deems necessary.

All Non-Executive and Independent Directors have no service agreements with the Company. They are paid Directors' fees, with additional fees paid for serving as the Chairman or members of Board Committees as well as attendance at each Board and Board Committees meetings. These fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's AGM. The remuneration of Non-Executive and Independent Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. The Non-Executive and Independent Directors should not be over-compensated to the extent that their independence may be compromised and no Director is involved in deciding his own remuneration.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors), in percentage terms showing the level and mix, for FY2017 falling within the bands is set out below:-

Remuneration Band and Name	Fixed Salary %	Variable Bonus %	Directors' Fees %	Total %
Directors				
Between S$250,000 to S$500,000				
Mr Sun Zhao Lin	100%	–	–	100%
Ms Tian Ruo Nan	100%	–	–	100%
Mr Sun Tian	74%	26%	–	100%
Below S$250,000				
Mr Ng San Tiong	–	–	100%	100%
Mr Chua Kee Lock	–	–	100%	100%
Mr Ho Chew Thim	–	–	100%	100%
Dr Steve Lai Mun Fook	–	–	100%	100%
Key management personnel				
Between S$250,000 to S$500,000				
Mr Yap Soon Yong	52%	48%	–	100%
Below S$250,000				
Mr Xu Guang Hui	75%	25%	–	100%
Mr Shi Yong	47%	53%	–	100%
Mr Liu Xiao Ming	68%	32%	–	100%
Mr Tian Cheng Tian	100%	–	–	100%
Mr Yu Hao Bo	61%	39%	–	100%

The aggregate total remuneration paid to the top 6 key management personnel (who are not Directors or the CEO) for FY2017 is approximately S$594,000.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of each individual Director and CEO of the Company is kept confidential due to its sensitive nature and the long-term performance of the Group, especially in a highly competitive industry. Similarly, the remuneration of the top key management personnel was shown in bands of S$250,000 due to the Company's concern over poaching of these executives by competitors.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 24 July 2017, for the payment of Directors' fees proposed for FY2017 amounting to an aggregate of S$222,000.

No termination, retirement and post-employment, share option, share-based incentive and awards or other long-term incentive has been granted to the Directors or key management personnel during FY2017.

Save as disclosed, there is no employee of the Group who is an immediate family member of any Directors or the CEO or a controlling shareholder and whose remuneration has exceeded S$50,000 during FY2017. ("**Immediate family member**" means the spouse, child, adopted child, step-child, brother, sister and parent.)

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board understands its accountability to shareholders on the Group's position, performance and progress. The Board will update shareholders on the operations and financial position of the Company through quarterly and full year financial results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year review, the CEO and CFO have provided assurance to the Board on the integrity of the Group's financial statements.

The Management provides the Board on a quarterly basis, financial reports and other information on the Group's performance, financial position and prospects for their effective monitoring and decision-making.

The Directors and executive officers of the Company have provided undertakings of compliance with the requirements of the SGX in accordance with Rule 720(1) of the Listing Manual of SGX-ST.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board, with assistance from the Enterprise Risk Management Committee ("**ERMC**") and the AC, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The ERMC, which comprises of Senior Management of the Group, was formed in year 2012 to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and enable accountability for its adequacy and effectiveness. The ERMC reports to the AC which, in turn, reports to the Board.

An Enterprise Risk Management ("**ERM**") programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, inter alia, financial, operational (including information technology) and compliance risks faced by the Group. From year 2012 to year 2015, the Group has engaged Messrs Mazars LLP to assist in enhancing the ERM programme over the identification, prioritisation, assessment, management and monitoring of key risks. The Management continued to adopt the risk management framework established in FY2016 and FY2017. Key risks identified are deliberated by Senior Management, and reported to the AC on a regular basis. The AC reviews the adequacy and effectiveness of the ERM programme against identified significant risks vis-à-vis changes in the Group's operating environment.

Relying on the reports from the Internal and External Auditors, the AC carried out assessment of the effectiveness of key internal controls during the financial year. Any material non-compliance or weaknesses in internal controls or recommendations from the Internal and External Auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the Internal and External Auditors.

For FY2017, the Board has received assurance from the CEO and CFO that:-

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management systems and internal control systems are operating effectively.

Based on the various management controls in place, the reports from the Internal and External Auditors, as well as reviews conducted by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing the financial, operational, compliance and information technology controls, and risk management systems maintained by the Group during the FY2017 are adequate and effective.

Audit Committee

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises entirely Independent Directors and the members of the AC are:-

Mr Ho Chew Thim	Chairman
Mr Chua Kee Lock	Member
Dr Steve Lai Mun Fook	Member

The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge its responsibilities properly.

The AC is regulated by its terms of reference and its key functions include:-

- Reviewing the audit plans of the Company's External Auditors, including the results of the Auditors' review and audit report, the management letter and the Management's response and evaluation of the Company's system of internal controls;

- Ensuring coordination where more than one audit firm is involved;

- Reviewing the quarterly and annual financial statements of the Group focusing in particular, on significant financial reporting issues and judgements, any significant adjustments, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, stock exchange and statutory/regulatory requirements before submission to the Board for approval;

- Reviewing any formal announcements relating to the Company's financial performance;

- Discussing problems and concerns, if any, arising from the audits, in consultation with the External Auditors and Internal Auditors where necessary and to meet the External Auditors and Internal Auditors without the presence of the Management, at least once annually;

- Reviewing the assistance and cooperation given by the Management to the External Auditors;

- Reviewing annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the External Auditors;

- Reviewing the internal audit programme and ensure coordination between External Auditors and Internal Auditors and the Management;

- Reviewing the adequacy of the Company's internal controls as set out in Guideline 11.3 of the Code;

- Reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the said functions are adequately resourced;

- Reviewing and discuss with the External Auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the Management's response;

- Reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;

- Reviewing any potential conflict of interest;

- Reporting to the Board its findings from time to time on matters arising and requiring the attention of the Committee;

- Reviewing Interested Person Transactions, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

- Recommending to the Board the appointment, re-appointment and removal of the External Auditors and approve the remuneration and terms of engagement of the External Auditors;

- Undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- Undertaking generally such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

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

The AC has full access to and cooperation of the Management, External Auditors and Internal Auditors. It also has the discretion to invite any Director and/or key management personnel to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The AC has reviewed all Interested Person Transactions for FY2017 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with.

Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

For FY2017, the AC met once with the External Auditors and Internal Auditors without the presence of the Management. The AC, having reviewed the scope and value of non-audit services provided to the Group by the External Auditors, which comprise of the tax advisory services and is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the External Auditors. The audit and non-audit fees paid/payable to the External Auditors for FY2017 would be S$190,000 and S$2,500 respectively.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all principal subsidiaries of the Company are audited by Messrs Foo Kon Tan LLP. All other foreign-incorporated subsidiaries are audited by suitable auditing firms for the purposes of the consolidated financial statements of the Group and audited by Messrs Foo Kon Tan LLP for consolidation purposes.

The AC undertakes a review of the scope of services provided by the External Auditors, the independence and the objectivity of the External Auditors on an annual basis. Messrs Foo Kon Tan LLP, the External Auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. The AC had assessed the External Auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with, and has recommended to the Board that Messrs Foo Kon Tan LLP be nominated for re-appointment as External Auditors at the forthcoming AGM of the Company.

In July 2010, the Singapore Exchange Limited and ACRA had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the External Auditors. In October 2015 with the support from SGX-ST and Singapore Institute of Directors, ACRA issued the "Audit Quality Indicators ("**AQIs**") disclosure framework to assist the AC in the said evaluation. Accordingly, the AC had evaluated the performance of the External Auditors based on the AQIs, such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, taking into account the size and complexity of the Group.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the External Auditors in their meetings with the AC. No former partner or Director of the Company's existing auditing firm has acted as a member of the AC.

No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

In the review of the financial statements, the AC has discussed with management and the external auditor the accounting principles that were applied and their judgment of items that might affect the true and fair view of the financial statements. In particular, the following significant matters impacting the financial statements were discussed with management and the external auditor and were reviewed by the AC.

Significant matters	How the AC reviewed these matters and what decisions were made
Impairment of trade receivables	The AC is regularly updated on the status of trade receivables and their aging. The collectability of long outstanding debts and the reasonableness of impairment provisions made were reviewed by the AC and the Management.
Valuation of available-for-sale financial asset ("AFS")	The AC is satisfied that Management had relied on independent reputable external valuer for the AFS valuation exercise.

The AC had reviewed, approved and implemented a whistle-blowing framework which provides well-defined and accessible channels in the Group through which employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters within the Group. The framework includes arrangements for independent investigations and appropriate follow-up of such matters. Details of the whistle-blowing policies and arrangements have been made available to the employees. As at the date of this report, there was no report received through the whistle-blowing mechanism.

The AC had reviewed the Company's key financial risk areas and noted that apart from the foreign exchange rate differences which arise when transactions are denominated in foreign currencies, the Group has not entered into any financial derivatives contracts which will give rise to financial risks.

The AC has explicit authority to investigate any matter within its terms of reference. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expenses as and when the need arises.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a system of internal controls in order to safeguard the shareholders' investments and the Company's assets. The Company has outsourced its internal audit functions of the Group to Messrs Mazars LLP, a professional firm to perform the review and test of controls of its processes. As recommended by the AC, the Board approved the re-appointment of Messrs Mazars LLP as Internal Auditors of the Group. The internal audit function is expected to meet the standard set by internationally recognized professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the AC and Management, where necessary, and has the right to seek information and explanation.

The appointed Internal Auditors reports directly to the AC and is responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls are in place to protect the fund and assets of the Group to ensure control procedures are complied with, assessing the operations of the business processes under review are conducted efficiently and effectively and identifying and recommending improvement to internal control procedures, where required.

The Internal Auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the Internal Auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

For FY2017, the AC met once with the Internal Auditors without the presence of the Management. The AC is of the opinion that Messrs Mazars LLP is adequately resourced with qualified personnel to discharge its responsibilities. The AC has reviewed the internal audit reports based on the controls in place and is satisfied that the internal audit functions have been adequately carried out.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company under the Listing Manual of the SGX-ST and the Companies Act, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group. Quarterly financial results and news releases (if any) will be published through the SGXNet.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

All shareholders of the Company will receive the Annual Report with the notice of AGM by post and published in a newspaper and via SGXNet within the mandatory period, which is held within four months after the end of financial year. Together with the Annual Report, the Company also attaches a copy of the proxy form to shareholders so that shareholders can appoint up to 2 proxies to attend, vote and voice any question relating to the resolutions tabled in a general meeting and/or company affairs, for and on behalf of those shareholders in the event that such shareholders are not able to attend the said general meeting personally.

In view of the above, all shareholders are given an opportunity to participate and vote at the general meetings.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company does not have a dedicated investor relations team. However, the Company's CEO and CFO are responsible for the Company's communication with shareholders. The Board also acknowledges its obligation to furnish timely information to shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made. Any price sensitive information will be publicly released on SGXNet first before being announced to any group of investors or analysts.

To keep all stakeholders of the Company updated on the latest announcements, press releases, and stock details of the Company, stakeholders have 24-hour access to the Company's website http://www.yongmaoholdings.com/ and http://www.yongmao.com.cn/.

The Company does not have a policy on payment of dividends. The issue of payment of dividends is deliberated by the Board annually having regarded to various factors.

*Principle 16: **Companies should encourage greater shareholder participation at general meetings of shareholders, and allow the shareholders the opportunity to communicate their views on various matters affecting the company.***

Our shareholders are encouraged to attend the general meetings of shareholders to ensure a high level of accountability and for them to be updated on the Company's strategies and goals.

The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least fourteen (14) days before the meeting. The Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at the general meetings. Furthermore, the External Auditors are also invited to attend the AGM and are available to assist our Board in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the Auditor's report.

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary[1] may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue and all the resolutions to vote by poll. The Company has implemented the system of voting by poll at its upcoming AGM. Results of each resolution put to vote at the AGM will be announced with the detailed voting results, including the total number and/or percentage of votes cast for or against each resolution tabled in the AGM, were announced immediately at the AGMs and via SGXNET.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

DEALINGS IN SECURITIES

The Group has adopted its Code of Best Practices on dealings in securities by setting out the implications of insider trading and its regulations with regard to dealings in the Company's securities by its Directors and officers, that is modeled, with some modification, on Rule 1207(19) of the Listing Manual of the SGX-ST. The Group's Code of Best Practices provides guidance for Directors, officers and employees on their dealings in the Company's securities.

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1 A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Corporate Governance
Report

The Group's Code of Best Practices prohibits the Company and its officers and employees who have access to unpublished material price sensitive information from dealing in the Company's securities. The Company and its officers and employees are advised not to deal in the Company's securities during the period commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding the announcement of the Company's full year financial results and ending on the date of the announcement of such results on the SGX-ST, or when they are in possession of any unpublished price sensitive information of the Group. In addition, the Directors, key management personnel and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares for short term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policy to ensure that transactions with interested persons are properly reviewed, approved and conducted at arms' length basis.

The AC has reviewed the Interested Person Transactions ("**IPTs**") for FY2017 and noted that the transactions have been conducted in accordance with the IPT Mandate obtained at the Company's AGM held on 29 July 2016 and that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

The following is the aggregate value of all transactions with interested persons (as defined in Chapter 9 of the Listing Manual of the SGX-ST) for FY2017:-

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Sales to	**RMB'000**	**RMB'000**
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd (中核华兴达丰机械租赁有限公司)	–	7,135
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	–	90,347
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	1,805	–
Liaoning Yongmao Hydraulic Machinery Co., Ltd (辽宁永茂液压机械有限责任公司)	1,106	–
Purchases from		
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	–	1,260
Fushun Yongmao Industry and Trade Co., Ltd. (抚顺市永茂工贸发展有限公司)	–	588
Rental fee charged by		
Sun Tian (孙田)	810	–

The current IPT Mandate will be expiring on 24 July 2017, being the date of the forthcoming AGM of the Company. The Company is proposing to seek shareholders' approval at the AGM of the Company to be held on 24 July 2017 to renew the IPT Mandate pursuant to Chapter 9 of the Listing Manual of the SGX-ST. The IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM of the Company.

MATERIAL CONTRACTS

Save as disclosed in the Directors' report and financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interest of the CEO, any Director or the controlling shareholder subsisting at the end of the FY2017.

RISK MANAGEMENT

The Management reviews regularly the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. In addition, both the Internal and External Auditors conducted the annual review of effectiveness of the Company's material internal controls, including financial, operational and compliance, and information technology controls and risk management. Any material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. The Management will follow up on the auditors' recommendations so as to strengthen the Group's risk management procedures.

Information in relation to the risks arising from the Group's financial operations is disclosed in the notes to the accompanying Audited Financial Statements on pages 101 to 108.

Directors' Statement

for the financial year ended 31 March 2017

The directors are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2017.

In the opinion of the directors,

(a) the accompanying financial statements of the Company and of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are as follows:

Sun Zhao Lin
Sun Tian (also alternate to Sun Zhao Lin)
Tian Ruo Nan
Ng San Tiong
Chua Kee Lock
Ho Chew Thim
Dr Steve Lai Mun Fook

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.4.2016	**As at 31.3.2017**	As at 1.4.2016	**As at 31.3.2017**
<u>The Company - Yongmao Holdings Limited</u>				
(Number of ordinary shares)				
Sun Tian	781,800	**781,800**	–	**–**
Sun Zhao Lin	–	**–**	50,942,870	**50,942,870**
Tian Ruo Nan	66,600	**66,600**	50,942,870	**50,942,870**

Directors' interest in shares or debentures (Cont'd)

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.4.2016	**As at 31.3.2017**	As at 1.4.2016	**As at 31.3.2017**
The immediate and ultimate holding company - Sun & Tian Investment Pte. Ltd.				
(Number of ordinary shares)				
Sun Tian	10,000	**10,000**	–	**–**
Sun Zhao Lin	45,000	**45,000**	–	**–**
Tian Ruo Nan	45,000	**45,000**	–	**–**

There are no changes to the above shareholdings as at 21 April 2017.

Messrs Sun Zhao Lin and Tian Ruo Nan, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, are deemed to have an interest in the whole of the issued share capital of the subsidiaries of the Company and Sun & Tian Investment Pte. Ltd..

Share options

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

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit committee

The Audit Committee at the end of the financial year comprises the following members:

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

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

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology internal controls via reviews carried out by the internal auditors and risk management system via reviews carried out by the Enterprise Risk Management Committee;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

Audit committee (Cont'd)

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017 as well as the independent auditor's report thereon; and

(iv) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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TIAN RUO NAN

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SUN TIAN

Dated: 9 June 2017

Independent Auditor's Report

to the Members of Yongmao Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yongmao Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 47 to 114.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our responses and work performed
Impairment of trade receivables As at 31 March 2017, the Group has trade receivables of RMB267,203,000 million which represented approximately 40% of the net assets of the Group. Trade receivables arise mainly from manufacturing, sale, rental and servicing of tower cranes and construction machinery and related components. We have identified impairment of trade receivables as a Key Audit Matter as it involved significant judgements and accounting estimates in the evaluation of the collectability of trade receivables by management. Please refer to Notes 2(a), 8, 12 and 13 in the Group financial statements.	Our procedures are designed to challenge the impairment assessment of trade receivables. These procedures included, amongst others: – we corroborated management's own impairment assessment against the collectability of individually significant receivables exceeding our audit thresholds including those that are individually insignificant but considered material in aggregate through analytical procedures and tested the accuracy of ageing of customers' balances; – we evaluated the credit terms and credit quality of certain customers, particularly those that are significantly overdue including a review of correspondences and/or plans by the Group to recover the outstanding customer balances; and

Independent Auditor's Report

to the Members of Yongmao Holdings Limited

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
Impairment of trade receivables (Cont'd)	– we obtained evidence of cash receipts during the year and subsequent to the year end, noting the level of account activity with customers, reviewed the past history of recovery and any securities held, and correspondences and/or agreements with customers to settle their outstanding balances. We consider management's judgment and critical estimates used in assessing the impairment of trade receivables to be appropriate.
Valuation of available-for-sale financial asset The Company and the Group owns 15,735,099 million unquoted shares in Tat Hong Equipment (China) Pte. Ltd. ("THEC"), which represent approximately 11.6% in THEC. The Company has classified these shares as investments in available-for-sale financial assets ("AFS") and has measured them at their fair values with changes in fair value recognised in equity. The Company has appointed an independent professional valuer to perform a valuation of the AFS investment. The fair value of the AFS was approximate to RMB93,067,000 based on the income and market approach. A fair value gain of RMB11,221,000 has been recognised in equity under Other Comprehensive Income - fair value reserves, as at 31 March 2017. The valuation exercise requires significant judgement and estimation. There is a risk that the AFS may not be appropriately valued if the valuation methodology used and the key assumptions applied by management and its valuers are inappropriate. Please refer to Notes 2(a) and 7 in the Group financial statements.	Our procedures are designed to challenge the valuation of the AFS. These procedures included, amongst others: – we evaluated the competency, capability and independence of the valuer used by management in arriving at the fair value of the AFS; – we reviewed the key inputs used in determining the fair value using the income approach such as the assumptions in projecting revenue forecast, gross margins, inflation and discount rate, and critically assessed the reasonableness by reference to historical performance and any relevant external data; – we engaged our corporate finance specialist in the review of the discount rate and also evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes; and – we have also evaluated the sensitivity analysis performed by management and assessed the adequacy of the Company's and the Group's disclosures relating to the assumptions and key estimates used in determining the fair value. We concluded that the assumptions and estimates used in the valuation were supportable.

Report on the Audit of the Financial Statements (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the "Directors' Statement" included in the annual report, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibility of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chang Fook Kay.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 9 June 2017

Statements of Financial Position

as at 31 March 2017

		The Company		The Group	
		31 March 2017	31 March 2016	**31 March 2017**	31 March 2016
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
ASSETS					
Non-Current					
Property, plant and equipment	4	**–**	–	**467,201**	454,693
Intangible assets	5	**–**	–	**50**	150
Subsidiaries	6	**344,363**	344,363	**–**	–
Available-for-sale financial assets	7	**93,067**	81,846	**93,067**	81,846
Trade and other receivables	8	**–**	–	**743**	826
Deferred costs	9	**–**	–	**4,090**	10,442
Deferred tax assets	10	**–**	–	**15,518**	16,643
		437,430	426,209	**580,669**	564,600
Current					
Inventories	11	**–**	–	**317,649**	280,801
Trade and other receivables	8	**189**	184	**292,136**	316,013
Deferred costs	9	**–**	–	**8,335**	10,398
Amounts owing by subsidiaries	6	**42,157**	42,519	**–**	–
Amounts owing by related parties	12	**–**	–	**83,081**	95,584
Amount owing by a corporate shareholder of a subsidiary	13	**–**	–	**434**	453
Cash and cash equivalents	14	**643**	2,042	**148,453**	166,036
		42,989	44,745	**850,088**	869,285
Total assets		**480,419**	470,954	**1,430,757**	1,433,885
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	15	**312,484**	312,484	**312,484**	312,484
Reserves	16	**158,594**	149,721	**304,562**	261,263
Equity attributable to equity holders of the Company		**471,078**	462,205	**617,046**	573,747
Non-controlling interests		**–**	–	**60,499**	54,083
Total equity		**471,078**	462,205	**677,545**	627,830
Liabilities					
Non-Current					
Borrowings	17	**–**	–	**1,570**	507
Deferred income	18	**–**	–	**6,284**	15,730
Deferred capital grants	19	**–**	–	**10,228**	10,457
Deferred tax liabilities	10	**6,559**	5,964	**19,883**	15,975
Trade and other payables	20	**–**	–	**23,098**	22,135
		6,559	5,964	**61,063**	64,804
Current					
Trade and other payables	20	**2,680**	2,524	**365,246**	296,882
Borrowings	17	**–**	–	**256,029**	367,071
Deferred income	18	**–**	–	**11,829**	14,593
Deferred capital grants	19	**–**	–	**229**	229
Amounts owing to/advances from related parties	12	**80**	80	**31,345**	34,000
Amount owing to a corporate shareholder of a subsidiary	13	**–**	–	**25,489**	26,008
Current tax payable		**22**	181	**1,982**	2,468
		2,782	2,785	**692,149**	741,251
Total equity and liabilities		**480,419**	470,954	**1,430,757**	1,433,885

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 March 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	21	**574,494**	454,951
Cost of sales		**(378,228)**	(313,751)
Gross profit		**196,266**	141,200
Other income	22(a)	**4,599**	7,873
Distribution costs	22(b)	**(55,160)**	(46,207)
Administrative expenses	22(c)	**(84,779)**	(74,895)
Other operating expenses	22(d)	**(4,248)**	(2,875)
Finance costs	22(e)	**(16,641)**	(20,655)
Profit before taxation	23	**40,037**	4,441
Taxation	24	**(7,910)**	(2,117)
Net profit for the year		**32,127**	2,324
Other comprehensive income after tax:	25		
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets		**11,221**	2,379
Exchange translation difference - foreign operations		**6,367**	4,298
		17,588	6,677
Total comprehensive income for the year, net of tax		**49,715**	9,001
Profit attributable to:			
Equity holders of the Company		**28,123**	3,911
Non-controlling interests		**4,004**	(1,587)
		32,127	2,324
Total comprehensive income attributable to:			
Equity holders of the Company		**43,299**	9,035
Non-controlling interests		**6,416**	(34)
		49,715	9,001
		RMB cents	RMB cents
Earnings per share	27		
- basic		**31.7**	4.41
- diluted		**31.7**	4.41

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 March 2017

	Note	Share capital RMB'000	Merger reserve RMB'000	Statutory common reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 April 2015		312,484	(26,769)	58,332	792	236,140	40	581,019	54,811	635,830
Profit for the year		–	–	–	–	3,911	–	3,911	(1,587)	2,324
Other comprehensive income for the year		–	–	–	2,379	–	2,745	5,124	1,553	6,677
Total comprehensive income/(expense) for the year		–	–	–	2,379	3,911	2,745	9,035	(34)	9,001
Transfer from statutory common reserve		–	–	(262)	–	262	–	–	–	–
Dividends	30	–	–	–	–	(16,307)	–	(16,307)	(694)	(17,001)
Balance as at 31 March 2016		312,484	(26,769)	58,070	3,171	224,006	2,785	573,747	54,083	627,830
Profit for the year		–	–	–	–	28,123	–	28,123	4,004	32,127
Other comprehensive income for the year		–	–	–	11,221	–	3,955	15,176	2,412	17,588
Total comprehensive income for the year		–	–	–	11,221	28,123	3,955	43,299	6,416	49,715
Transfer from statutory common reserve		–	–	1,181	–	(1,181)	–	–	–	–
Balance as at 31 March 2017		312,484	(26,769)	59,251	14,392	250,948	6,740	617,046	60,499	677,545

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

Consolidated Statement of
Cash Flows

for the financial year ended 31 March 2017

	Note	2017 RMB'000	2016 RMB'000
Cash Flows from Operating Activities			
Profit before taxation		40,037	4,441
Adjustments for:			
Amortisation of deferred capital grants		(229)	(336)
Amortisation of intangible assets		100	100
Depreciation of property, plant and equipment		56,435	49,987
Gain on disposal of property, plant and equipment, net		(441)	(469)
Property, plant and equipment written off		5	1
Provision for inventory written down		3,982	1,536
Interest expense		16,641	20,655
Interest income		(772)	(4,956)
Exchange translation difference		5,097	5,681
Operating profit before working capital changes		120,855	76,640
Increase in inventories (Note A)		(93,768)	(60,519)
Decrease/(Increase) in deferred costs		8,415	(8,121)
Decrease in operating receivables		40,235	64,538
Increase/(Decrease) in operating payables		63,256	(63,334)
(Decrease)/ Increase in deferred income		(12,210)	13,163
Cash generated from operations		126,783	22,367
Interest paid		(15,951)	(21,564)
Tax paid		(4,070)	(2,307)
Net cash generated from/(used in) operating activities		106,762	(1,504)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment (Note B)		(6,579)	(12,141)
Proceeds from disposal of property, plant and equipment		441	783
Proceeds from government grant		–	1,586
(Advances to)/Receipt from a corporate shareholder of a subsidiary		(5)	4
Interest received		284	4,956
Net cash used in investing activities		(5,859)	(4,812)
Cash Flows from Financing Activities			
Proceeds from borrowings		237,834	356,666
Repayment of borrowings		(321,974)	(308,573)
Repayment of finance lease liabilities		(33,103)	(27,475)
Restricted bank balances		(9,737)	6,761
(Repayment to)/Receipt from related parties		(4,974)	16,779
Advances from a director		3,100	–
Dividends paid to non-controlling interests		(694)	–
Dividends paid to equity holders of the Company		–	(16,307)
Net cash (used in)/generated from financing activities		(129,548)	27,851
Net (decrease)/increase in cash and cash equivalents		(28,645)	21,535
Cash and cash equivalents as at beginning of year		81,258	58,383
Exchange differences on translation of cash and cash equivalents as at beginning of year		1,325	1,340
Cash and cash equivalents as at end of year	14	53,938	81,258

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

Note:

A. Increase in inventories

Included in increase in inventories were towercranes and towercrane components and accessories that were self-constructed amounting to RMB64,083,000 (2016 - RMB45,891,000) which were held for rental purposes and have been presented under operating activities in accordance with FRS 7 - Statement of Cash Flows.

B. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RMB6,220,000 (2016 - RMB11,020,000). RMB761,000 (2016 - RMB1,001,000) remains unpaid to suppliers of property, plant and equipment while the Group had paid in advance to suppliers of property, plant and equipment amounting to RMB177,000 (2016 - RMB58,000) at the end of the financial year. Cash payment of RMB6,579,000 (2016 - RMB12,141,000), inclusive of RMB Nil (2016 - RMB859,000) self-constructed property, plant and equipment transferred from inventories, were made to purchase property, plant and equipment.

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

Notes to the
Financial Statements

for the financial year ended 31 March 2017

1 General information

The financial statements of the Company and of the Group for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Singapore Exchange Mainboard and incorporated and domiciled in Singapore as a limited liability company.

The registered office and principal place of business of the Company is located at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are listed in Note 6 to the financial statements.

The immediate and ultimate holding company of the Company is Sun & Tian Investment Pte. Ltd., a company incorporated in Singapore.

2(a) Basis of preparation

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

The financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, rounded to the nearest thousand (RMB'000), unless otherwise stated.

Significant accounting estimates and judgements

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

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

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

Critical accounting estimates and assumptions in applying accounting policies

<u>Depreciation of property, plant and equipment and useful lives of plant and machinery and motor vehicles (Note 4)</u>

Property, plant and equipment, including plant and machinery and motor vehicles, are depreciated on a straight-line basis after deducting the residual value over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 1 to 50 years. The carrying amount of the Group's various categories of property, plant and equipment as at the end of the reporting period is disclosed in Note 4 to the financial statements.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If depreciation on property, plant and equipment increase/decrease by 10% from management's estimates, the Group's profit before taxation will decrease/increase by approximately RMB5,644,000 (2016 - RMB4,999,000). A 5% difference in the expected useful lives of plant and machinery and motor vehicles from management's estimates would increase/decrease approximately RMB2,241,000 (2016 - RMB1,907,000) in the Group's profit before taxation for the financial year.

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions in applying accounting policies (Cont'd)

Allowance for inventory written down (Note 11)

The Group reviews the ageing analysis of inventories at the end of each reporting period, and makes allowance for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventory decrease by 1% from management's estimates, the Group's profit before taxation will decrease by RMB3,200,000 (2016 - RMB2,800,000).

A 10% increase in the price of steel for the financial year ended 31 March 2017 would have the effect of decreasing the Group's profit before taxation by RMB8,636,000 (2016 - RMB6,339,000) as the Group may be unable to pass on the increase in costs to its customers. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% decrease in the price of steel for the financial year ended 31 March 2017 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

Fair value estimation on unlisted securities

The Group holds unlisted shares in Tat Hong Equipment (China) Pte Ltd ("THEC") that are not traded in an active market with a carrying amount of RMB93,067,000 (2016 - RMB81,846,000). The Group has used income approach for valuing these financial assets and made estimates about expected future cash flows.

If the weighted average cost of capital used in the discounted cash flow analysis had been higher/lower by 1% from management's estimates, the Group's carrying amount of available-for-sale financial assets would have been lower by RMB15,087,000 (2016 - RMB14,693,000) and higher by RMB18,420,000 (2016 - RMB18,720,000) respectively. Management will, in evaluating the fair value, continue to monitor the financial performance and conditions of THEC going forward and where necessary provide for impairment losses if and only if, there are objective evidence of impairment.

Significant judgements in applying accounting policies

Transfer of inventories to property, plant and equipment (Note 4)

The Group reviews the recognition of its self-constructed assets and reclassifies inventories of towercranes to property, plant and equipment when towercranes are used and held for rental and are expected to be rented for more than one accounting period.

Impairment of available-for-sale financial assets (Note 7)

The Group reviews and records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgements. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. The management has assessed that no impairment is necessary for the financial year.

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Impairment of loans and receivables (Note 8)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Notes 6, 8, 12 and 13 to the financial statements.

Income tax (Note 24)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets (Note 10 and Note 24)

The Group recognises deferred tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test.

As at 31 March 2017, the Group recognised shareholdings of certain group entities, for which a deferred tax asset amounting to RMB15,518,000 (2016 - RMB16,643,000) was recognised based on the anticipated future use of tax losses carried forward by those entities. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred tax asset will have to be written off as income tax expense.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

2(b) Interpretations and amendments to published standards effective in the financial year 2017

Reference	Description
Amendments to FRS 1	Disclosure Initiatives

The amendments to FRS 1 Presentation of Financial Statements clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated
- That entities should adopt a systemic order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

2(c) FRS not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS and INT FRS issued but not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	Statement of Cash Flows	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrecognised Losses	1 January 2017
Amendments to FRS 102	Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
Clarifications to FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 116	Leases	1 January 2019
INT FRS 122	Foregin Currency Transactions and Advance	1 January 2018

2(c) FRS not yet effective (Cont'd)

Amendments to FRS 7 Statement of Cash Flows

The amendments to FRS 7 Statement of Cash Flows required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows - excluding contributed equity - to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way - e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions

The amendments to FRS 102 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

(i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

(ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and

(iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

FRS 115 Revenue from Contracts with Customers

FRS 115 Revenue from Contracts with Customers establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 Construction Contracts, FRS 18 Revenue, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for Construction of Real Estate, INT FRS 118 Transfer of Assets from Customers and INT FRS 31 Revenue - Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

Clarifications to FRS 115 Revenue from Contracts with Customers

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.

2(c) FRS not yet effective (Cont'd)

FRS 109 Financial Instruments

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

FRS 116 Leases

A major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the company has adopted FRS 115. The Group is currently assessing the impact to the consolidated financial statements.

INT FRS 122 Foreign Currency Transactions and Advance Consideration

This interpretation provides requirements about which exchange rate to sue in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group is currently assessing the impact to the consolidated financial statements.

3 Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Acquisition of businesses

Subsequent to the business combination adopted under common control, the acquisition accounting is used to account for business combination by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

Property, plant and equipment and depreciation

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

Buildings and plant structure	20 years
Plant and machinery[1]	1 - 12 years
Motor vehicles[1]	1 - 10 years
Electronic system and equipment[1]	1 - 10 years
Furniture and fittings	5 years
Renovation[1]	2 - 10 years

1 Certain items of property, plant and equipment were depreciated between 1 - 3 years as these were acquired from third parties and such items are already in use.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated depreciation and accumulated impairment. Land use rights are depreciated on a straight-line basis over the lease term of 45 years to 50 years.

No depreciation is provided on construction-in-progress.

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

3 Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

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

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the period in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Intangible assets

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

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

<u>Goodwill</u>

Goodwill on acquisitions of subsidiaries on or after 1 April 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 April 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries, if any, is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 April 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Investments in subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses on an individual subsidiary basis. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3 Summary of significant accounting policies (Cont'd)

Financial assets

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

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

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company or the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

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

Loans and receivables

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

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Loans and receivables include trade and other receivables, amounts owing by subsidiaries, a corporate shareholder of a subsidiary, related party balances and cash and cash equivalents.

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are presented as non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity instruments carried at cost are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of the reporting period.

Impairment of financial assets

The Group assesses at each date of the financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

3 Summary of significant accounting policies (Cont'd)

Impairment of financial assets (Cont'd)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company and the Group at which management controls the related cash flows.

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

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

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

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

3 Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

Deferred income and deferred costs

Sales with seller undertaking provided to banks or financial institutions

Where sale is a series of transactions involving a sale, the seller undertaking and loan agreement between the customer and the bank or financial institution and are regarded as a single transaction and cannot be bifurcated, the transfer of risks and rewards of ownership occur at a different time from the transfer of legal title or passing of possession, the recognition of revenue is based on the flow of economic benefits to the Group i.e.:-

(i) the Group receives upfront payment; and

(ii) when banks or financial institutions receive the instalment payment progressively.

Any unpaid sum to which the banks or financial institutions remains unpaid is regarded as deferred income.

Deferred costs relate to the extent of the costs incurred in the manufactured goods where the revenue is not recognised for the delivery of goods.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted-average basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost consists of cost of raw materials, direct labour and an appropriate proportion of production overheads based on the normal operating capacity.

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

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company and the Group if that person

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

3 Summary of significant accounting policies (Cont'd)

Related parties (Cont'd)

(b) An entity is related to the Company and the Group if any of the following conditions applies:

(i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of restricted bank balances.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in the equity attributable to equity holders as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends, if any, are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

3 Summary of significant accounting policies (Cont'd)

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables, amounts owing to a corporate shareholder of a subsidiary, related party balances and borrowings.

Financial liabilities are recognised when the Company and the Group become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Company's and the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statements of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statements of financial position.

Trade and other payables, amount owing to a corporate shareholder of a subsidiary and related party balances are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Dividend distributions to shareholders, if any, are included in current financial liabilities when the dividends are payable.

Financial guarantees

The Company has issued corporate guarantees to banks for borrowings granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the entities fail to make principal or interest payments when due in accordance with the terms of their respective borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs in the statements of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the entities' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the statements of financial position.

Intra-group transactions are eliminated on consolidation.

3 Summary of significant accounting policies (Cont'd)

Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction, if any.

Leases

When the Group is the lessor:

Operating leases

Rental income of assets and sub-leased assets (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the Group is the lessee:

Finance leases

When assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment and depreciation".

Operating leases

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

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

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3 Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Provisions

Provisions, including provision for warranty costs, are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is calculated based on historical experience of the level of repairs and replacements.

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

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

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue excludes goods and services taxes ("GST") and value-added taxes ("VAT"), where applicable, and is arrived at after deduction of trade discounts.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

<u>Sale of goods</u>

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3 Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the lease term of the lease. Lease incentives, if any, granted are recognised as an integral part of the total rental income to be received. Contingent rentals, if any, are recognised as income in the accounting period in which they are earned.

Rendering of services

Service income is recognised in the accounting period in which the relevant services are rendered.

Interest income

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

Dividend income

Dividend income from investments is recognised gross when the right to receive the dividend has been established.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Employee benefits

Pension obligations

The Company and the Group participate in the defined contribution national pension and other welfare schemes as provided by the laws of the countries in which it has operations. The contributions to these schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised for the Singapore incorporated companies in the Group when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

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

3 Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in RMB, which is also the functional currency of the Company, rounded to the nearest thousand (RMB'000), unless otherwise stated.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, if any, are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

When a foreign operation is disposed of or any borrowing forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses are presented on a net basis in profit or loss within "other operating expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

3 Summary of significant accounting policies (Cont'd)

Functional currencies (Cont'd)

Translation of Group entities' financial statements

The results and financial position of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the date of the end of the reporting period;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations, if any, are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

Financial instruments

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

Disclosures on financial risk management objectives and policies are provided in Note 32 to the financial statements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Disclosures on the Group's operating segments are provided in Note 33 to the financial statements.

4 Property, plant and equipment

The Group	Land use rights RMB'000	Buildings and plant structure RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electronic system and equipment RMB'000	Furniture and fittings RMB'000	Renovation RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost									
Balance as at 1 April 2015	19,839	211,274	316,049	28,853	8,152	458	7,123	437	592,185
Additions	2,095	–	3,806	4,847	150	–	39	83	11,020
Disposals/write-off	–	–	(630)	(1,817)	(18)	–	–	–	(2,465)
Transfer during the year	–	–	359	–	–	–	–	(359)	–
Transfer from inventories	–	–	46,437	–	91	–	–	222	46,750
Transfer to inventories	–	–	(4,197)	–	–	–	–	(37)	(4,234)
Exchange translation difference	–	–	8,765	303	38	12	223	–	9,341
Balance as at 31 March 2016	**21,934**	**211,274**	**370,589**	**32,186**	**8,413**	**470**	**7,385**	**346**	**652,597**
Additions	**–**	**–**	**1,183**	**3,966**	**395**	**–**	**542**	**134**	**6,220**
Disposals/write-off	**–**	**–**	**–**	**(1,188)**	**(57)**	**–**	**–**	**–**	**(1,245)**
Transfer during the year	**–**	**–**	**264**	**–**	**–**	**–**	**–**	**(264)**	**–**
Transfer from inventories	**–**	**–**	**64,083**	**–**	**–**	**–**	**–**	**–**	**64,083**
Transfer to inventories	**–**	**–**	**(13,227)**	**–**	**–**	**–**	**–**	**–**	**(13,227)**
Exchange translation difference	**–**	**–**	**13,053**	**375**	**36**	**16**	**246**	**–**	**13,726**
Balance as at 31 March 2017	**21,934**	**211,274**	**435,945**	**35,339**	**8,787**	**486**	**8,173**	**216**	**722,154**
Accumulated depreciation									
Balance as at 1 April 2015	1,186	29,869	90,965	16,838	6,209	217	2,824	–	148,108
Depreciation for the year	433	9,728	33,571	4,567	755	50	883	–	49,987
Disposals/write-off	–	–	(507)	(1,626)	(17)	–	–	–	(2,150)
Transfer to inventories	–	–	(633)	–	–	–	–	–	(633)
Exchange translation difference	–	–	2,316	151	32	5	88	–	2,592
Balance as at 31 March 2016	**1,619**	**39,597**	**125,712**	**19,930**	**6,979**	**272**	**3,795**	**–**	**197,904**
Depreciation for the year	**443**	**9,728**	**40,453**	**4,367**	**511**	**38**	**895**	**–**	**56,435**
Disposals/write-off	**–**	**–**	**–**	**(1,188)**	**(52)**	**–**	**–**	**–**	**(1,240)**
Transfer to inventories	**–**	**–**	**(2,723)**	**–**	**–**	**–**	**–**	**–**	**(2,723)**
Exchange translation difference	**–**	**–**	**4,280**	**157**	**33**	**8**	**99**	**–**	**4,577**
Balance as at 31 March 2017	**2,062**	**49,325**	**167,722**	**23,266**	**7,471**	**318**	**4,789**	**–**	**254,953**
Net book value									
Balance as at 31 March 2017	**19,872**	**161,949**	**268,223**	**12,073**	**1,316**	**168**	**3,384**	**216**	**467,201**
Balance as at 31 March 2016	20,315	171,677	244,877	12,256	1,434	198	3,590	346	454,693

4 Property, plant and equipment (Cont'd)

The Group	2017 RMB'000	2016 RMB'000
Depreciation expenses charged to:		
Cost of sales	**46,670**	39,587
Distribution costs (Note 22(b))	**2,698**	2,286
Administrative expenses (Note 22(c))	**7,067**	8,114
	56,435	49,987

The net book value of plant and machinery financed under finance leases for the Group amounted to RMB96,510,000 (2016 - RMB93,437,000).

The net book value of motor vehicles and electronic system and equipment acquired under finance leases for the Group amounted to RMB5,021,000 (2016 - RMB2,263,000).

<u>Land use rights</u>

Land use rights relate to the following plots of land at No. 2, Qianlingerlu Road, Shuncheng District, Fushun City, Liaoning Province, the People's Republic of China ("PRC"), 113126 where the Group's PRC manufacturing and storage facilities reside:

	Land area Square metres	Amount paid RMB'000	Tenure years	Expiry date
Parcel of land #1	182,373	9,858	50	13 January 2060
Parcel of land #2	29,395	9,902	50	31 December 2063
Parcel of land #3	1,421	479	50	31 December 2063
Parcel of land #4	106	35	45	13 January 2060
Parcel of land #5	4,916	1,660	45	13 January 2060
	218,211	21,934		

The land use rights are transferable and will be depreciated as follows:

The Group	2017 RMB'000	2016 RMB'000
Amount to be depreciated:		
Not later than one year	**443**	443
Later than one year and not later than five years	**1,772**	1,772
Later than five years	**17,657**	18,100
	19,872	20,315

<u>Buildings and plant structure</u>

The cost of plant structure of RMB1,302,000 (2016 - RMB1,302,000) relates to the structural costs incurred on the factory buildings on the leasehold land belonging to Beijing Construction Group Co., Ltd. ("Beijing Construction") [北京建工集团有限责任公司] for which the subsidiary, Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") leases the buildings on the leasehold land for a period of 10 years, commencing 1 October 2006 [see Note 28A(a)].

The cost of the buildings and plant structure of RMB209,972,000 (2016 - RMB209,972,000) relates to structural costs incurred on the office and factory buildings on the above land located at No. 2, Qianlingerlu Road, Shuncheng District, Fushun City, Liaoning Province, the PRC, 113126.

5 Intangible assets

The Group	Crawler crane design and manufacturing drawings 2017 RMB'000	2016 RMB'000
Cost		
Balance as at beginning and end of year	**1,000**	1,000
Accumulated amortisation		
Balance as at beginning of year	**850**	750
Amortisation for the year (Note 22(c))	**100**	100
Balance as at end of year	**950**	850
Net book value		
Balance as at end of year	**50**	150

Crawler crane design and manufacturing drawings purchased from a related party, Fushun Engineering Machinery Manufacturing Co., Ltd. (抚顺工程机械制造有限公司) is for the purpose of providing capabilities to the Group to manufacture crawler cranes in the future.

6 Subsidiaries

The Company	2017 RMB'000	2016 RMB'000
Unquoted equity investments, at cost		
Balance as at beginning of year	**344,363**	314,988
Additional investments during the year	**–**	29,375
Balance as at end of year	**344,363**	344,363
Amounts owing by subsidiaries presented as current assets		
- Dividends receivable	**–**	1,136
- Non-trade		
- Interest-free	**30,713**	30,284
- Interest-bearing	**11,444**	11,099
	42,157	41,383
	42,157	42,519

Amounts owing by subsidiaries are denominated in the following currencies:

The Company	2017 RMB'000	2016 RMB'000
Singapore dollar	**25,369**	22,009
United States dollar	**7,394**	10,261
Hong Kong dollar	**9,394**	10,249
	42,157	42,519

The non-trade amounts owing by subsidiaries, relate to advances made, are unsecured and receivable on demand. The interest-bearing advances amount owing by a subsidiary is charged at the interest of 3.75% (2016 - 3.75%) per annum.

6 Subsidiaries (Cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Effective percentage of equity held		Principal activities
		2017	2016	**2017**	2016	
		RMB'000	RMB'000	**%**	%	
Subsidiaries held by the Company						
Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao) (抚顺永茂建筑机械有限公司) [1 3]	PRC	**320,569**	320,569	**100**	100	Manufacturing, sale and rental of towercranes and construction machinery
Yongmao Machinery Pte. Ltd. [2]	Singapore	**2,490**	2,490	**100**	100	Sale and servicing of towercranes and construction machinery
Yongmao Machinery (H.K.) Company Limited ("YMHK") [5]	Hong Kong	**21,304**	21,304	**60**	60	Sale, distribution, rental and servicing of towercranes, construction machinery and related components
Subsidiaries held by Fushun Yongmao						
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工机械制造有限公司) [1 4]	PRC	[7]	[7]	**66**	66	Manufacturing and sale of towercranes and construction machinery
Changzhou Yongmao Heavy Industry Machinery Co., Ltd. (常州永茂重工机械有限公司) [1 3]	PRC	[7]	[7]	**80**	80	Manufacturing and sale of towercranes and construction machinery (Presently dormant)
Subsidiary held by YMHK						
Eastime Engineering Limited ("EEL") [5]	Hong Kong	[7]	[7]	**60**	60	Sale, distribution, rental and servicing of towercranes, construction machinery and related components
Subsidiary held by EEL						
Eastime Engineering (Macau) Co., Ltd. [6]	Macau	[7]	[7]	**60**	60	Sale, distribution, rental and servicing of towercranes, construction machinery and related components
		344,363	344,363			

1 Audited by Foo Kon Tan LLP for consolidation purposes.

2 Audited by Foo Kon Tan LLP.

3 Audited by PRC auditors, Liao Ning ZhongHuaXin Certified Public Accountants Co., Ltd. (辽宁中华信会计师事务所有限公司), for local statutory reporting purposes.

4 Audited by PRC auditors, Beijing Xin Hao Certified Public Accountants (北京欣昊会计师事务所), for local statutory reporting purposes.

5 Audited by Shinewing LLP, Certified Public Accountants and reviewed by Foo Kon Tan LLP for consolidation purposes.

6 Audited by Shinewing LLP, Certified Public Accountants, for the purpose of FRS reporting and reviewed by Foo Kon Tan LLP for consolidation purposes.

7 Interest held through subsidiaries.

6 Subsidiaries (Cont'd)

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Proportion of ownership interest held by non-controlling interest	(Loss)/profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
	%	RMB'000	RMB'000	RMB'000
31 March 2017				
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工机械制造有限公司)	**34**	**(2,281)**	**14,386**	**694**
Yongmao Machinery (H.K.) Company Limited group of companies	**40**	**6,285**	**47,099**	**–**
31 March 2016				
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工机械制造有限公司)	34	(5,643)	16,667	–
Yongmao Machinery (H.K.) Company Limited group of companies	40	4,056	38,402	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on consolidation on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.		Yongmao Machinery (H.K.) Company Limited group of companies	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current assets	**14,184**	16,281	**153,454**	155,303
Current assets	**160,707**	169,300	**67,672**	51,297
Total assets	**174,891**	185,581	**221,126**	206,600
Non-current liabilities	**23,098**	22,135	**13,764**	10,000
Current liabilities	**109,444**	114,485	**89,615**	100,595
Total liabilities	**132,542**	136,620	**103,379**	110,595
Net assets	**42,349**	48,961	**117,747**	96,005

6 Subsidiaries (Cont'd)

Summarised financial information about subsidiaries with material NCI (Cont'd)

Summarised statement of profit or loss and other comprehensive income

	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.		Yongmao Machinery (H.K.) Company Limited group of companies	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**141,711**	98,632	**133,713**	95,924
(Loss)/Profit before taxation	**(6,612)**	(14,334)	**19,068**	11,815
(Loss)/Profit after taxation	**(6,612)**	(14,334)	**15,711**	10,139
Other comprehensive income	**–**	–	**–**	–
Total comprehensive (expense)/income	**(6,612)**	(14,334)	**15,711**	10,139

Other summarised information

	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.		Yongmao Machinery (H.K.) Company Limited group of companies	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows generated from/(used in):				
Operating activities	**989**	3,366	**24,163**	48,285
Investing activities	**(652)**	(4,010)	**(12,863)**	(20,661)
Financing activities	**–**	–	**(4,485)**	(29,553)

Summarised financial information in respect of the material non-controlling interest in YMHK has been presented in so far as it relates to the consolidated financial information of YMHK and its subsidiaries as the non-controlling interest of 40% is held at YMHK who in turn holds 100% of its subsidiaries.

Management is of the view that presenting the consolidated summarised financial information of YMHK is more relevant and appropriate that allows users to better understand the interest that non-controlling interests have in that group's activities and cash flows.

7 Available-for-sale financial assets

The Company and The Group	Note	**2017 RMB'000**	2016 RMB'000
Unquoted equity investments			
Balance as at beginning of year		**81,846**	79,467
Fair value gains recognised in other comprehensive income, net of nil tax	25	**11,221**	2,379
Balance as at end of year[1]		**93,067**	81,846

[1] The fair value of unquoted equity investments in THEC as at 31 March 2017 and 31 March 2016 is based on the valuation report issued by an independent valuer.

8 Trade and other receivables

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**–**	–	**283,779**	289,635
Allowance for impairment of trade receivables				
Balance as at beginning of year	**–**	–	**(15,133)**	(15,164)
Allowance for the year (Note 22(d))	**–**	–	**(1,537)**	(437)
Provision written off	**–**	–	**94**	468
Balance as at end of year	**–**	–	**(16,576)**	(15,133)
Net trade receivables	**–**	–	**267,203**	274,502
Bills receivables	**–**	–	**2,125**	5,580
GST or VAT receivables	**–**	–	**260**	1,435
Staff loans	**–**	–	**1,881**	2,072
Staff advances	**–**	–	**3,150**	2,759
Advances made to suppliers of raw materials	**–**	–	**11,801**	27,065
Accrued interest income			**488**	–
Down-payment for property, plant and equipment	**–**	–	**177**	58
Refundable deposits	**1**	1	**572**	786
Prepayments	**188**	183	**1,346**	1,276
Advances to a director of a subsidiary	**–**	–	**5**	5
Amounts owing by related companies of corporate shareholders of subsidiaries - trade	**–**	–	**2,939**	947
Other receivables	**–**	–	**932**	354
	189	184	**292,879**	316,839
Less: Other receivables (staff loans) - non-current	**–**	–	**(743)**	(826)
	189	184	**292,136**	316,013

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**–**	–	**218,474**	255,268
Singapore dollar	**189**	184	**11,398**	8,697
United States dollar	**–**	–	**18,393**	17,379
Hong Kong dollar	**–**	–	**26,363**	17,877
Macanese pataca	**–**	–	**11,057**	11,907
Taiwan dollar	**–**	–	**7,194**	5,711
	189	184	**292,879**	316,839

Trade receivables are usually due within 30 - 180 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Company and the Group do not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers. At the end of the reporting period, trade receivables include retention money of RMB4,375,000 (2016 - RMB5,929,000).

8 Trade and other receivables (Cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Company and the Group were as follows:

The Group	2017 RMB'000	2016 RMB'000
Current	**83,003**	74,024

The trade amounts owing by related companies of corporate shareholders of subsidiaries and other receivables categorised as financial assets as disclosed in this report, are considered current and not past due.

Financial assets that are past due but not impaired

The age analysis of trade and other receivables past due but not impaired was as follows:

The Group	2017 RMB'000	2016 RMB'000
Past due 0 to 3 months	**71,678**	83,496
Past due 3 to 6 months	**37,767**	65,030
Past due 6 to 9 months	**25,951**	8,598
Past due 9 to 12 months	**21,372**	15,064
Past due over 12 months	**39,524**	40,793

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Group.

Financial assets that are past due and impaired

The age analysis of trade receivables past due and impaired was as follows:

The Group	2017 RMB'000	2016 RMB'000
Past due over 12 months	**16,576**	15,133

Impairment on trade receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

The bills receivables from third parties which are interest-free mature as follows:

The Group	2017	2016
The earliest date	**27 April 2017**	17 April 2016
The latest date	**24 September 2017**	28 July 2016

8 Trade and other receivables (Cont'd)

The Group	2017 RMB'000	2016 RMB'000
Staff loans		
Amount due within one year	**1,138**	1,246
Amount due after one year	**743**	826
	1,881	2,072

The advances made to staff are for business purposes. The carrying value approximates the fair value of the advances.

The advances made to suppliers of raw materials relate to the down-payment for the supplies made. There have included in advances is an amount of RMB Nil (2016 - RMB10,000,000) relating to the purchase of used towercranes for refurbishment and resale purposes. The carrying value approximates the fair value of the advances.

The advances made to a director of a subsidiary are for business purpose. The carrying value approximates the fair value of the advances.

9 Deferred costs

The Group

At the end of the reporting period, the deferred costs relate to the amount carried in the consolidated statement of financial position to the extent that the revenue has been deferred (see Note 18).

10 Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	The Company		The Group	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Deferred tax assets				
Per Note 10.1	**–**	–	**15,532**	19,980
Set off of tax	**–**	–	**(14)**	(3,337)
	–	–	**15,518**	16,643
To be recovered within one year	**–**	–	**–**	–
To be recovered after one year	**–**	–	**15,518**	16,643
	–	–	**15,518**	16,643
Deferred tax liabilities				
Per Note 10.2	**6,559**	5,964	**19,897**	19,312
Set off of tax	**–**	–	**(14)**	(3,337)
	6,559	5,964	**19,883**	15,975
To be settled within one year	**–**	–	**–**	–
To be settled after one year	**6,559**	5,964	**19,883**	15,975
	6,559	5,964	**19,883**	15,975

10 Deferred taxes (Cont'd)

10.1 Deferred tax assets

The movement in deferred tax assets (prior to offsetting of balances within the same tax jurisdiction) is as follows:

		The Company		The Group	
		2017	2016	**2017**	2016
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Balance as at beginning of year		**–**	–	**19,980**	22,110
Transfer from profit or loss - current	24	**–**	–	**(4,580)**	(2,325)
		–	–	**15,400**	19,785
Exchange translation difference		**–**	–	**132**	195
Balance as at end of year		**–**	–	**15,532**	19,980
Deferred tax assets comprise tax on:		**–**	–	**–**	–
Deferred income		**–**	–	**916**	1,486
Deferred capital grants		**–**	–	**1,569**	1,603
Provisions		**–**	–	**3,459**	3,400
Unrealised intra-group profits		**–**	–	**7,486**	7,741
Unabsorbed tax losses		**–**	–	**–**	3,327
Others		**–**	–	**2,102**	2,423
		–	–	**15,532**	19,980

The Group has unabsorbed tax losses amounting to approximately RMB22,314,000 (2016 - RMB40,381,000), which are subject to agreement with the relevant tax authorities. These unabsorbed tax losses can be carried forward for offsetting against future taxable income provided that the provisions of the relevant tax legislations are complied with. These unabsorbed losses cannot be allowed to offset the taxable profits of other subsidiaries.

Deferred tax assets are recognised for tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefit through future taxable profit is probable.

Deferred tax assets have not been recognised in respect of the following items:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Tax losses				
- expire in 2018	**–**	–	**197**	197
- expire in 2020	**–**	–	**1,734**	490
- expire in 2021	**–**	–	**496**	2,039
- do not expire	**–**	–	**1,002**	658
Other deductible temporary differences	**–**	–	**1,672**	1,211
	–	–	**5,101**	4,595

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

10 Deferred taxes (Cont'd)

10.2 Deferred tax liabilities

The movement in deferred tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Balance as at beginning of year	**5,964**	10,016	**19,312**	23,492
Transfer to profit or loss				
- current	**595**	(457)	**(201)**	(468)
- overprovision in respect of prior years	**–**	(1,033)	**19**	(1,728)
	595	(1,490)	**(182)**	(2,196)
Tax paid on foreign income remitted to Singapore	**–**	(2,546)	**–**	(2,546)
Exchange translation difference	**–**	(16)	**767**	562
Balance as at end of year	**6,559**	5,964	**19,897**	19,312
Deferred tax liabilities comprise tax on:				
Fair value gains on acquisition of subsidiary	**–**	–	**122**	225
Accelerated tax depreciation	**–**	–	**13,151**	13,008
Unremitted foreign interest income	**–**	46	**65**	161
Undistributed earnings of PRC subsidiaries	**6,559**	5,918	**6,559**	5,918
	6,559	5,964	**19,897**	19,312

Foreign income not remitted to Singapore - undistributed earnings of the PRC subsidiaries

Pursuant to the PRC Corporate Income Tax Law and the tax treaty between the PRC and Singapore, a 5% withholding tax is levied on the dividends to the Company from the subsidiaries established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group made provision for deferred tax liabilities on withholding tax at 5% of all retained earnings subject to withholding taxes of its PRC subsidiaries.

11 Inventories

	2017	2016
The Group	**RMB'000**	RMB'000
Raw materials (at cost)	**88,289**	85,514
Work-in-progress (at cost)	**141,483**	116,561
Finished goods (at cost or net realisable value)	**87,877**	78,726
	317,649	280,801
Included in cost of sales are inventories charged of:	**289,040**	253,032

The inventory written down, recognised as an expense in cost of sales during the financial year is RMB3,982,000 (2016 - RMB1,536,000).

12 Related party balances

12.1 Amounts owing by related parties

The Group	2017 RMB'000	2016 RMB'000
Amounts owing by related parties - trade	**83,081**	95,584

Related parties are mainly relate to Tat Hong Holding Group of companies which are usually due within 30 - 180 days and non-interest bearing. An amount of RMB40,288,000 (2016 – RMB Nil) was pledged to a bank for bank loan obtained (see Note 17).

12.2 Amounts owing to/advances from related parties

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts owing to related parties				
- trade	**–**	–	**3,162**	1,366
- non-trade	**80**	80	**10,555**	27,031
- loan	**–**	–	**12,050**	–
- interest payable	**–**	–	**471**	–
Advances from related parties	**–**	–	**5,107**	5,603
	80	80	**31,345**	34,000

Amounts owing to/advances from related parties are denominated in the following currencies:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**80**	80	**20,975**	7,154
Singapore dollar	**–**	–	**10,370**	26,846
	80	80	**31,345**	34,000

The non-trade amounts owing to related parties relate to advances and payments made on behalf, are unsecured, interest-free and repayable on demand.

The loan of RMB12,050,000 (2016 – RMB Nil) is unsecured and is repayable on 31 March 2017 (2016 - Nil). Interest is charged at 5.22% (2016 - Nil) per annum.

The advances from related parties represent down-payment for sales orders made or advance payments received for sales not yet delivered.

13 Corporate shareholder of a subsidiary balances

13.1 Amount owing by a corporate shareholder of a subsidiary

The Group	2017 RMB'000	2016 RMB'000
Amount owing by a corporate shareholder of a subsidiary		
- trade	377	401
- non-trade	57	52
	434	453

The non-trade amount owing by a corporate shareholder of subsidiary relates to payments made on behalf, is unsecured, interest-free and receivable on demand.

13.2 Amount owing to a corporate shareholder of a subsidiary

The Group	2017 RMB'000	2016 RMB'000
Amount owing to a corporate shareholder of a subsidiary		
- dividends payable	–	694
- loan	18,355	18,355
- interest payable	384	209
- rental payable	6,750	6,750
	25,489	26,008

The loan of RMB18,355,000 (2016 - RMB18,355,000) is unsecured and is repayable on 31 March 2018 (2016 - 31 March 2017). The said loan has been renewed on 31 March 2017 for a further period of 1 year. Interest is charged at 5.05% (2016 - 5.63%) per annum.

Rental payable relates to the lease on the subsidiary's, Beijing Yongmao's, workshop, warehouse, factory buildings and relevant supporting facilities located at No. 12, Shuanghe Avenue, Linhe Industrial Development Zone, Shunyi District, Beijing, the PRC, 101300. The total floor and land area is approximately 40,915 square metre ("m^2") and approximately 148,700 m^2 respectively. The Lease has expired on 30 September 2016 while the management is in the process of negotiation on the renewal term and conditions. The last rental payable was RMB4,500,000 per annum [see Note 28A(a)].

14 Cash and cash equivalents

	The Company		The Group	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Cash on hand	–*	–*	141	116
Bank balances	643	2,042	123,312	93,771
Fixed deposits	–	–	25,000	72,149
	643	2,042	148,453	166,036

* Represents amount less than RMB1,000.

14 Cash and cash equivalents (Cont'd)

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**–**	–	**116,367**	110,018
Singapore dollar	**596**	1,997	**2,045**	9,088
United States dollar	**47**	45	**5,226**	28,008
Euro	**–**	–	**2,426**	4,231
Hong Kong dollar	**–**	–	**20,413**	12,069
Macanese pataca	**–**	–	**1,976**	2,622
	643	2,042	**148,453**	166,036

For the purpose of the consolidated statement of cash flows, the year-end cash and bank balances comprise the following items:

The Group	**2017** **RMB'000**	2016 RMB'000
Cash and bank balances	**148,453**	166,036
Less: Restricted bank balances	**(94,515)**	(84,778)
Cash and cash equivalents per consolidated statement of cash flows	**53,938**	81,258

Restricted bank balances are pledged in relation to the following items:

The Group	**2017** **RMB'000**	2016 RMB'000
Bank loans (Note 17.1)	**16,007**	23,948
Bills payables	**38,717**	9,971
Seller Undertaking	**791**	859
Letter of guarantee (Note 17.1)	**39,000**	50,000
	94,515	84,778

15 Share capital

The Company and The Group	**No. of shares**	RMB'000
Issued and fully paid with no par value:		
Balance as at beginning and end of 31 March 2016 and 31 March 2017	**88,749,997**	312,484

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

16 Reserves

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-distributable				
Merger reserve	**–**	–	**(26,769)**	(26,769)
Fair value reserve	**14,392**	3,171	**14,392**	3,171
Statutory common reserve	**–**	–	**59,251**	58,070
Exchange fluctuation reserve	**–**	–	**6,740**	2,785
	14,392	3,171	**53,614**	37,257
Distributable				
Retained earnings	**144,202**	146,550	**250,948**	224,006
	158,594	149,721	**304,562**	261,263

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

Fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

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

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

Exchange fluctuation reserve arises from the translation of the financial statements of the entities whose functional currencies are different from the functional currency of the Company.

17 Borrowings

		2017	2016
The Group	Note	**RMB'000**	RMB'000
Non-current			
Obligations under finance leases	17.2	**1,570**	507
		1,570	507
Current			
Bank loans	17.1	**212,194**	322,537
Obligations under finance leases	17.2	**43,835**	44,534
		256,029	367,071
		257,599	367,578

The carrying amount of non-current portion of the borrowings approximate their fair value.

17 Borrowings (Cont'd)

Borrowings are denominated in the following currencies:

The Group	2017 RMB'000	2016 RMB'000
Renminbi	**157,000**	214,217
Singapore dollar	**1,208**	5,629
United States dollar	**55,194**	102,927
Hong Kong dollar	**44,197**	44,805
	257,599	367,578

17.1 Bank loans

The Group	2017 RMB'000	2016 RMB'000
Bank loans		
- secured	**107,194**	192,144
- unsecured	**80,000**	105,393
	187,194	297,537
Trust receipts[1]		
- secured	**25,000**	–
- unsecured	**–**	25,000
	25,000	25,000
	212,194	322,537

1 Trust receipts are presented as current liabilities.

Bank loans & trust receipts of the Group are secured over certain bank depsoits (Note 14), certain trade receivables from related parties (Note 12) and an irrevocable letter of guarantee of RMB59,000,000 (2016 - RMB50,000,000) provided by another bank.

Unsecured bank loans and certain trust receipts are guaranteed by the Company, a fellow subsidiary and certain directors of the Company.

The bank loans have an effective interest rate of 5.55% (2016 - 6.04%) per annum.

As at the end of the reporting period, the Group has unutilised credit facilities of RMB125,000,000 (2016 - RMB155,783,000). These facilities which expire within one year from the reporting date are subject to annual review.

The table below analyses the maturity profile of the Group's bank loans based on contractual undiscounted cash flows:

The Group	2017		2016	
	Carrying amount RMB'000	Contractual cash flows RMB'000	Carrying amount RMB'000	Contractual cash flows RMB'000
Variable interest rate loans				
Less than one year	**212,194**	220,226	**322,537**	330,885
Between one to five years	**–**	–	**–**	–

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

17 Borrowings (Cont'd)

17.2 Obligations under finance leases

The Group	2017 RMB'000	2016 RMB'000
Minimum lease payments payable:		
Due not later than one year	44,703	46,181
Due later than one year and not later than five years	1,708	530
	46,411	46,711
Less: Finance charges allocated to future periods	(1,006)	(1,670)
Present value of minimum lease payments	45,405	45,041
Present value of minimum lease payments:		
Due not later than one year	43,835	44,534
Due later than one year and not later than five years	1,570	507
	45,405	45,041

The Group leases plant and machinery under finance leases. Lease facilities to the sum of RMB130,368,000 (2016 - RMB131,331,000) granted to the subsidiary, Yongmao Machinery (H.K.) Company Limited is secured by the underlying assets and corporate guarantee provided by the Company.

The Group leases motor vehicles and electronic system and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term. The finance lease obligations are secured by the underlying assets.

The obligations under finance leases have an interest rate of 4.21% (2016 - 4.36%) per annum.

18 Deferred income

The Group	2017 RMB'000	2016 RMB'000
Sales with seller undertaking provided to the banks or financial institutions		
Amount due within one year	11,829	14,593
Amount due after one year	6,284	15,730
	18,113	30,323

Sales with seller undertaking provided to banks or financial institutions

Certain of the Group's sale of towercranes to the customers in the PRC are financed by borrowings from banks or financial institutions using revolving master credit facility granted by the banks or financial institutions coupled with an undertaking ("Seller Undertaking") provided by the Group to the relevant banks or financial institutions that in the event of default of the customers in making the instalment payments, the Group has to make good the loans outstanding and upon the Group making good the loans, the ownership of the towercranes will be transferred back to the Group.

Under such sales arrangement, the customer makes an upfront payment of up to 30% (non-refundable) in general of the sales price to the Group and obtains a loan from the bank or financial institution for the balance payment. Upon approval of the bank or financial institution, the bank or financial institution disburses the loan amount in full to the Group. The Group ceased effective control of the towercrane sold upon delivery. In return, the bank or financial institution requires the towercrane to be mortgaged to them.

18 Deferred income (Cont'd)

The sales arrangement as described above is a series of transactions involving a sale, the Seller Undertaking and the loan agreement between the customer and the bank or financial institution. They are all part of one transaction and cannot be bifurcated or separated. The sales transaction cannot be separated from the Seller Undertaking. Literally, the assessment of the loan is first based on the Group's credit standing and the facility granted to the Group before assessing the merits of the customer.

Nonetheless, there is a possibility that the customer may default in making the installment payments to the bank or financial institution. In the event that the customer defaults in making subsequent installment payments, the Group is required to pay the bank or financial institution the balance outstanding and repossesses the towercrane pursuant to the Seller Undertaking.

To the extent of the money received, they are non-refundable and are therefore recorded and recognised as income to the Group. During the financial year, the reported income is RMB15,356,000 (2016 - RMB20,319,000) as disclosed in sales of towercrane. Conversely, the Group has no right to demand payment from the customer should they defaulted the debt with the Group's banks or financial institutions (see Liquidity risk in Note 32.4).

On the basis as described above, the liability owing by the Group to the banks or financial institutions in the event that customers may default is recorded as deferred income is RMB18,113,000 (2016 - RMB30,323,000).

In the opinion of the directors of the Group, the deferred income is accounted and recorded on the basis that it reflects more accurately the economic substance of such sales and not merely the legal form, to the extent that the substance of the arrangement should reflect all aspects and implications of an arrangement with weight given to those aspects and implications that have an economic effect. This manner of accounting is not inconsistent with the adoption of other accounting literature and accepted industry practices such as revenue recognition principles under US GAAP in the absence of an FRS that specifically applies to a transaction which is allowed for under FRS 8 Accounting policies, changes in accounting estimates and errors. As the Group undertakes the customer's indebtedness to the financing party and is obligated to indemnify the financing party, its participation in customer financing may preclude revenue recognition before the customer's payments are due to the financing party, and consequently, does not overcome the presumption that the fee is fixed and determinable as one of the criteria for revenue recognition under US GAAP. Accordingly, revenue should not be recognised before the amounts become due and payable to the financing party.

This accounting policy has been applied consistently to all periods presented in these financial statements.

On sensitivity analysis, should the sales arrangement for the current year transactions be recognised in full upon the delivery of the towercranes, the effect on the revenue and profit before taxation would be as follows:

	2017	**2017**	2016	2016
The Group	**RMB'000**	**%**	RMB'000	%
Increase in:				
Revenue	**2,383**	**0.4**	26,030	5.7
Profit before taxation	**399**	**1.0**	8,382	188.7

With regards to the effect on the Seller Undertaking, please refer to Note 29 to the financial statements.

19 Deferred capital grants

The Group	2017 RMB'000	2016 RMB'000
Cost		
Balance as at beginning of year	11,264	9,678
Received during the year	–	1,586
Balance as at end of year	11,264	11,264
Accumulated amortisation		
Balance as at beginning of year	578	242
Amortisation for the year [Note 22(a)]	229	336
Balance as at end of year	807	578
Net carrying amount	10,457	10,686
Amount to be amortised:		
Not later than one year	229	229
Later than one year and not later than five years	915	915
Later than five years	9,313	9,542
	10,457	10,686

Deferred capital grants relate to government grants received for the acquisition of land use rights undertaken by the Group's subsidiary in the PRC (see Note 4). There are no unfulfilled conditions or contingencies attached to these grants.

20 Trade and other payables

	The Company		The Group	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade payables	–	–	143,583	148,588
Bills payables	–	–	68,718	4,971
Accrual for purchases	–	–	51,332	48,348
Advances from customers	–	–	22,784	29,259
Amount owing to suppliers of property, plant and equipment	–	–	761	1,001
Provision for warranty for after-sale services	–	–	675	675
Provision for directors' fees	1,096	1,064	1,096	1,064
Deposits received	–	–	1,232	2,265
Rental payables to a director of the Company	–	–	2,671	1,861
Advances from a director of the Company	–	–	3,100	–
Liability assumed for payments made on behalf for subsistence allowances	–	–	25,166	27,054
Accrued interest expenses	–	–	404	359
Amount owing to related companies of corporate Shareholders of subsidiaries - non-trade	–	–	216	–
Other accrued expenses	1,464	1,426	56,580	46,887
Other payables	120	34	10,026	6,685
	2,680	2,524	388,344	319,017
Less: Trade and other payables - non-current	–	–	(23,098)	(22,135)
	2,680	2,524	365,246	296,882

20 Trade and other payables (Cont'd)

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**–**	–	**352,647**	284,875
Singapore dollar	**2,680**	2,515	**10,326**	9,026
United States dollar	**–**	–	**8,636**	6,300
Euro	**–**	–	**2,062**	287
Hong Kong dollar	**–**	–	**11,425**	11,832
Macanese pataca	**–**	–	**2,335**	1,681
Taiwan dollar	**–**	–	**905**	4,991
British pound	**–**	9	**8**	25
	2,680	2,524	**388,344**	319,017

The fair value of trade and other payables approximate their carrying amounts due to their short duration.

The advances from customers represent down-payment for sales order made or advance payment received for sales not yet delivered.

The advances from a director of the Company are unsecured, interest-free and repayable on demand.

The non-trade amount owing to a related company of a corporate shareholder of subsidiary relates to payments made on behalf, is unsecured, interest-free and receivable on demand.

Provision for warranty for after-sale services relate to the estimated costs of after-sale services and warranty costs for sale of towercranes and towercrane components and accessories to the Group's customers. The warranty sum is recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs and returns.

Other accrued expenses include mainly accruals of salaries and related costs and freight and transportation charges.

Liability assumed for payments made on behalf for subsistence allowances relates to ex-employees of 北京市建筑工程机械厂, a wholly-owned subsidiary of Beijing Construction which is not related to the Group. This liability is regarded as payment on behalf. Pursuant to a restructuring exercise signed between Fushun Yongmao Industry Group Co., Ltd. ("FYIG") and Beijing Construction in 2006, this was transferred to Beijing Yongmao, whereby Beijing Yongmao is to administer the liability by virtue of the liability from FYIG, the payment of subsistence allowances/staff welfare benefits is to be made out of the assets acquired from Beijing Construction. Beijing Yongmao is incorporated in the PRC in 2006 pursuant to the restructuring exercise and whose shareholders were then FYIG (66%) and Beijing Construction (34%). In 2008, the Group through its wholly-owned subsidiary, Fushun Yongmao acquired 66% of the equity interests in Beijing Yongmao from FYIG (the "Acquisition"). This liability is assumed when Fushun Yongmao took over from FYIG pursuant to the sale and purchase agreement dated 18 August 2008 ("S&P Agreement") entered into between FYIG and Fushun Yongmao. As the liability assumed for the subsistence allowances had crystallised at the time the Group took over Beijing Yongmao, the liability to Beijing Yongmao is deemed fixed at the point of acquisition. The liability provided was based on agreed figures ("the fair value at inception") in the S&P Agreement with FYIG at the time the Group took over Beijing Yongmao from FYIG. By virtue of the warranty from FYIG to the Group pursuant to the Acquisition, the Group is only responsible for this payment to be made on behalf for subsistence allowances as stated therein. The fair values at inception are determined based on discount rate of 0% (2016 - 0%) per annum. In the opinion of the directors of the Group, there is no actuarial risk to the Group.

20 Trade and other payables (Cont'd)

This accrual is not a defined contribution nor a defined benefits plan under FRS 19. The carrying amount of this liability assumed for payments made on behalf for subsistence allowances approximates the fair value when the liability was assumed.

The Group	2017 RMB'000	2016 RMB'000
Amount due within one year	2,068	4,919
Amount due after one year and not after five years	8,272	19,676
Amount due after five years	14,826	2,459
	25,166	27,054

21 Revenue

Revenue representing sale, rental and servicing of towercranes, towercrane components and accessories, excluding applicable GST or VAT, is detailed as follows:

The Group	2017 RMB'000	2016 RMB'000
Sale of manufactured towercranes	360,723	306,083
Sale of towercrane components and accessories	62,756	48,683
Rental income	86,831	53,383
Service income	64,184	46,802
	574,494	454,951

Service income relates mainly to servicing, maintenance, installation, erection and dismantlement charges for towercranes.

22(a) Other income

The Group	2017 RMB'000	2016 RMB'000
Amortisation of deferred capital grants (Note 19)	229	336
Gain on disposal of property, plant and equipment	441	469
Government grants	79	116
Interest income	772	4,956
Compensation income	1,902	839
Rental income of premises	256	322
Sale of scrap materials	237	313
Others	683	522
	4,599	7,873
Effective interest rate (per annum)		
- bank deposits	0.49%	3.14%

22(b) Distribution costs

The Group	2017 RMB'000	2016 RMB'000
Depreciation expenses (Note 4)	2,698	2,286
Employee benefit expenses	9,908	9,716
Freight charges	29,425	21,648
Office expenses	269	261
Operating lease rentals	3,242	2,563
Promotion and advertising expenses	1,251	1,475
Sales service expenses	4,144	4,650
Transportation expenses	2,720	2,936
Others	1,503	672
	55,160	46,207

22(c) Administrative expenses

The Group	2017 RMB'000	2016 RMB'000
Amortisation expenses (Note 5)	100	100
Depreciation expenses (Note 4)	7,067	8,114
Directors' fee (Note 23)	1,080	1,029
Employee benefit expenses	46,611	40,255
Entertainment expenses	2,249	1,718
Office expenses	5,717	5,202
Operating lease rentals	1,831	2,248
Other governmental taxes	6,223	4,092
Professional fees	2,100	2,749
Transportation and travelling expenses	6,411	5,307
Others	5,390	4,081
	84,779	74,895

22(d) Other operating expenses

The Group	2017 RMB'000	2016 RMB'000
Bank charges	1,391	1,431
Donation	100	400
Exchange loss (Note 23)	946	309
Property, plant and equipment written off (Note 23)	5	1
Allowance for impairment of trade receivables (Note 8)	1,537	437
Others	269	297
	4,248	2,875

22(e) Finance costs

The Group	2017 RMB'000	2016 RMB'000
Interest expenses		
- loan from related parties	**668**	–
- loan from a corporate shareholder of a subsidiary	**1,904**	2,512
- bank loans	**11,335**	15,928
- finance leases	**2,734**	2,215
	16,641	20,655
Effective interest rate (per annum)		
- loan from related parties	**5.22%**	–
- loan from a corporate shareholder of a subsidiary	**5.05%**	5.63%
- bank loans	**5.55%**	6.04%
- finance leases	**4.21%**	4.36%

22(f) Employee benefit expenses

The Group	2017 RMB'000	2016 RMB'000
Directors' remuneration		
- Directors of the Company		
- salaries and related costs	**4,226**	3,871
- defined contributions	**85**	131
- Directors of the subsidiaries		
- salaries and related costs	**1,936**	2,010
- defined contributions	**182**	96
Key management personnel (other than directors)		
- salaries and related costs	**2,627**	2,599
- defined contributions	**179**	161
Other than directors and key management personnel		
- salaries and related costs	**96,626**	80,000
- defined contributions	**14,971**	12,801
	120,832	101,669

The Group	2017 RMB'000	2016 RMB'000
Included in:		
Cost of sales	**64,313**	51,698
Distribution costs	**9,908**	9,716
Administrative expenses	**46,611**	40,255
	120,832	101,669

Key management personnel are as disclosed in the annual report.

23 Profit before taxation

The Group	Note	2017 RMB'000	2016 RMB'000
Profit before taxation has been arrived at after charging/(crediting):			
Allowance for impairment of trade receivables	8	**1,537**	437
Audit fee paid/payable to			
- auditors of the Company		**950**	848
- other auditors		**164**	145
Amortisation of deferred capital grants	19	**(229)**	(336)
Amortisation of intangible assets	5	**100**	100
Depreciation of property, plant and equipment	4	**56,435**	49,987
Directors' fee	22(c)	**1,080**	1,029
Exchange loss	22(d)	**946**	309
Gain on disposal of property, plant and equipment, net		**(441)**	(469)
Non-audit fee paid/payable to auditors of the Company		**24**	14
Operating lease rentals		**8,673**	8,412
Property, plant and equipment written off	22(d)	**5**	1
Provision for inventory written down		**3,982**	1,536
Sub-contractor cost and cost of rental of towercranes		**89,188**	60,719

24 Taxation

The Group	Note	2017 RMB'000	2016 RMB'000
Current taxation		**3,461**	2,076
Deferred tax assets	10.1	**4,580**	2,325
Deferred tax liabilities	10.2	**(201)**	(468)
		7,840	3,933
Underprovision/(Over) in respect of prior years			
- current taxation		**51**	(88)
- deferred tax liabilities	10.2	**19**	(1,728)
		70	(1,816)
		7,910	2,117

24 Taxation (Cont'd)

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

The Group	2017 RMB'000	2016 RMB'000
Profit before taxation	**40,037**	4,441
Income tax using applicable tax rate	**7,813**	194
Corporate tax rebate/exemption	**(1,791)**	319
Tax effect on non-taxable income	**(1,316)**	(1,990)
Tax effect on non-deductible expenses	**1,167**	2,527
Deferred tax assets not recognised	**1,240**	3,050
Benefits from previously unrecognised deferred tax assets	**87**	–
Tax on undistributed earnings of PRC subsidiaries	**640**	(167)
Underprovision/(Over) in respect of prior years		
- current taxation	**51**	(88)
- deferred tax liabilities	**19**	(1,728)
	7,910	2,117

On 1 June 2015, the local tax authority of Liaoning Province had granted Fushun Yongmao and regarded the subsidiary as a "high technological company (高新技术企业)". Pursuant to relevant PRC's taxation law, the subsidiary is subject to taxation at a preferential rate of 15%. Such incentive is valid till December 2017 and is subject to renewal.

On 11 November 2013, the local tax authority of Beijing City had granted Beijing Yongmao and regarded the subsidiary as a "high technological company (高新技术企业)". Pursuant to relevant PRC's taxation law, the subsidiary is subject to taxation at a preferential rate of 15%. Such incentive is valid till November 2016, and is subject to renewal.

The domestic tax rates applicable to the profit of the following companies are as follows:

	Country	Rate	Basis
Yongmao Holdings Limited	Singapore	17.0%	Full tax
Yongmao Machinery Pte. Ltd.	Singapore	17.0%	Full tax
Yongmao Machinery (H.K.) Company Limited	Hong Kong	16.5%	Full tax
Eastime Engineering Limited	Hong Kong	16.5%	Full tax
Eastime Engineering (Macau) Co., Ltd.	Macau	12.0%	Full tax
Changzhou Yongmao Heavy Industry Machinery Co., Ltd. (常州永茂重工机械有限公司)	The PRC	25.0%	Full tax

The subsidiary, Changzhou Yongmao Heavy Industry Machinery Co., Ltd. (常州永茂重工机械有限公司), does not have any taxable profit during the financial year as it is dormant.

25 Other comprehensive income/(expense) after tax

The Group	2017 RMB'000	2016 RMB'000
<u>Net of tax</u>		
Fair value gains on available-for-sale financial assets (Note 7)	11,221	2,379
Exchange translation difference		
- foreign operations	6,367	4,298
	17,588	6,677

As the investment in THEC is held on a long-term basis, the Company is of the view that its subsequent disposal will not attract any capital gains tax.

26 Defined contribution national pension benefits

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

The total cost charged to profit or loss for the financial year, representing defined contribution national pension plan, are as follows:

The Group	2017 RMB'000	2016 RMB'000
Defined contribution national pension benefits	7,978	6,983

27 Earnings per share

The Group

The basic and diluted earnings per share of the Group is calculated based on the Group's profit after taxation attributable to equity holders of the Company of RMB28,123,000 (2016 - RMB3,911,000) on the existing number of ordinary shares in issue of 88,749,997 at the end of the reporting periods.

As there are no dilutive potential ordinary shares that are outstanding during the financial year, the basic earnings per share is the same as the diluted earnings per share.

28 Commitments

Operating lease commitments (non-cancellable)

The Group

(A) Where the Group is the lessee

At the end of the reporting period, the Group is committed to making the following lease rental payments under non-cancellable operating leases for leasehold land, office, workshop, warehouse and factory premises, office equipment and accommodation for employees:

The Group	**2017** **RMB'000**	2016 RMB'000
Not later than one year	**3,818**	5,737
Later than one year and not later than five years	**1,449**	4,170

(a) The lease on the Group's workshop, warehouse, factory buildings and relevant supporting facilities on which rental is payable is located at No. 12, Shuanghe Avenue, Linhe Industrial Development Zone, Shunyi District, Beijing, the PRC, 101300. The total floor and land area is approximately 40,915 m^2 and approximately 148,700 m^2 respectively. The Lease has expired on 30 September 2016 while the management is in the process of negotiation on the renewal term and conditions. The last rental payable was RMB4,500,000 per annum. The management is confident of securing a new lease with the landlord and does not expect the new lease to have significant impact to the financial statements.

(b) The leases on the Group's office premises on which rental is payable is located at 2307, 2308 & 2309, Block A, Fangheng Building, Wangjing East Road, Beijing, the PRC (北京市望京东路方恒国际大厦A座2307,2308和2309号). The office area is 450.27 m^2. The lease commenced on 1 January 2016 and expires on 31 March 2018. The rental payable is RMB810,000 per annum.

(c) The leases on the Group's office and warehouse premises and office equipment in Singapore on which rentals payable will expire on 31 March 2018, the earliest date and 4 April 2018, the latest date. The rental payable ranges from SGD190 to SGD6,274 per month, which is subject to revisions on renewal.

(d) The leases on the Group's office and warehouse premises and accommodation for certain employees in Hong Kong and Macau on which rentals payable will expire on 15 April 2017, the earliest date and 31 March 2019, the latest date. The rental payable ranges from HKD9,000 to HKD75,000 per month, which is subject to revision on renewal.

(B) Where the Group is the lessor

At the end of the reporting period, the Group had the following rental income under non-cancellable lease for office premises with original term of more than one year:

The Group	**2017** **RMB'000**	2016 RMB'000
Not later than one year	**25**	175
Later than one year and not later than five years	**–**	–

The leases on the Group's office premises on which rental are received will expire on 30 April 2018 with renewal at the then prevailing rates.

29 Financial guarantee

The Group

Seller Undertaking provided to banks or financial institutions

(a) A subsidiary, Fushun Yongmao has agreed to provide guarantee under the Seller Undertaking to a maximum sum of RMB7,072,000 (2016 - RMB25,656,000) to a bank for certain customers who have obtained bank loans to finance their purchase of towercranes and towercrane accessories and components of the Group. To the extent of the bank loans that remained outstanding as at 31 March 2017, the balances are RMB283,000 (2016 - RMB4,293,000);

(b) A subsidiary, Fushun Yongmao has agreed to provide guarantee under the Seller Undertaking to a maximum sum of RMB39,274,000 (2016 - RMB36,698,000) to hire purchase companies for certain customers who have purchased towercranes through hire purchase financing. To the extent of the purchase amount that remained outstanding as at 31 March 2017, the balance is RMB17,830,000 (2016 - RMB26,030,000).

The manner in which the Seller Undertaking arrangement is agreed whereby the Group received an upfront non-refundable cash deposit which constitute up to 30% of the selling price of the respective towercranes, the reimbursable unpaid sum to the banks or financial institutions to repossess the towercranes is unlikely to cause any loss (if material) should the debtor defaulted. With regards to the Seller Undertaking, please refer to Note 18 to the financial statements.

30 Dividends

The Group	**2017** **RMB'000**	2016 RMB'000
Ordinary dividends		
Final one-tier tax exempt dividends paid in respect of the previous financial year of S$ Nil (2016 - S$0.006) per share	–	12,230
Special one-tier tax exempt dividends paid in respect of the previous financial year of S$ Nil (2016 - S$0.002) per share	–	4,077
	–	16,307

At the forthcoming Annual General Meeting, a final exempt (one-tier) dividend of 1.0 Singapore cents per share amounting to a total of RMB4,383,000 (SGD887,500) will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 March 2018.

31 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the followings are the significant related party transactions entered into by the Company and its related parties at mutually agreed amounts:

The Group	**2017** **RMB'000**	2016 RMB'000
Sales/rental income charged to related parties		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	**1,805**	1,897
- China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械工程有限公司)	**7,135**	1,750
- Jiangsu Zhongjian Tat Hong Equipment Rental Co., Ltd. (江苏中建达丰机械租赁有限公司)	**311**	194
- Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司)	**36**	277
- Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	**90,347**	37,810
- Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	**1,106**	535
- Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司)	**37**	705
- Changzhou Tat Hong Zhaomao Equipment Rental Co., Ltd. (常州达丰兆茂机械租赁有限公司)	**80**	109
- Tat Hong Intraco Pte Ltd	**–**	19
Sales to a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	**553**	400
Purchases from related parties		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	**1,260**	2,313
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺市永茂工贸发展有限公司)	**588**	419
- Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	**231**	217
Rental fee charged by ultimate holding company		
- Sun & Tian Investment Pte. Ltd.	**471**	482
Motor vehicle rental fee charged by a related party		
- Fushun Yongmao Engineering Machinery Co., Ltd. (抚顺永茂工程机械有限公司)	**62**	51
Rental fee charged by a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	**4,500**	4,500

31 Significant related party transactions (Cont'd)

The Group	2017 RMB'000	2016 RMB'000
Rental fee charged by a director of the Company		
- Sun Tian (孙田)	810	810
Loan interest charged by a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	933	1,032
Sale of property, plant and equipment to a related party		
- Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	–	466
Other income charged to related parties		
- Changzhou Tat Hong Zhaomao Equipment Rental Co., Ltd. (常州达丰兆茂机械租赁有限公司)	256	300
Other expenses charged by related parties		
- Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	–	1
Loan interest charged by related parties		
- Fushun Yongmao Engineering Machinery Co., Ltd. (抚顺永茂工程机械有限公司)	304	–
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	368	–
Payments on behalf for related parties		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	24	24
- Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	(294)	682
Payments on behalf for a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	5	24

32 Financial risk management objectives and policies

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

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rate and foreign exchange.

32 Financial risk management objectives and policies (Cont'd)

32.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The exposure of the Company to interest rate risk is mainly with non-trade advances to subsidiaries as shown in Note 6 to the financial statements.

The exposure of the Group to interest rate risk is mainly with non-trade advances to/from related parties which are interest-free as shown in Note 12 respectively, loan from a corporate shareholder of a subsidiary, Beijing Construction as shown in Note 13 and borrowings as shown in Note 17 to the financial statements.

Sensitivity analysis for interest rate risk

For the variable rate financial liabilities owing for borrowings and loan from a corporate shareholder of a subsidiary, a change of 50 basis points ("bp") in interest rate at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2017		2016	
	Profit net of tax	**Equity**	Profit net of tax	Equity
The Group	**RMB'000**	**RMB'000**	RMB'000	RMB'000
Interest rate				
- decreased by 0.5% per annum	**1,415**	**1,415**	1,589	1,589
- increased by 0.5% per annum	**(1,415)**	**(1,415)**	(1,589)	(1,589)

This arises mainly as a result of lower/higher interest expenses on borrowings and loan from a corporate shareholder of a subsidiary.

32.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company and the Group operate and sell its products in several countries other than the PRC and transacts in foreign currencies including Singapore dollar ("SGD"), United States dollar ("USD"), Euro, Hong Kong dollar ("HKD"), Macanese pataca ("MOP"), Taiwan dollar ("TWD") and British pound ("GBP"). As a result, the Company and the Group are exposed to movements in foreign currency exchange rates. However, the Company and the Group do not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

32 Financial risk management objectives and policies (Cont'd)

32.2 Currency risk (Cont'd)

The currency exposure of the Company and the Group based on the information provided to key management was as follows:

The Group	SGD RMB'000	USD RMB'000	Euro RMB'000	HKD RMB'000	MOP RMB'000	TWD RMB'000	GBP RMB'000	Total RMB'000
At 31 March 2017								
Financial assets								
Cash and cash equivalents	2,045	5,226	2,426	20,413	1,976	–	–	32,086
Trade and other receivables	10,778	18,393	–	25,827	10,867	7,194	–	73,059
	12,823	23,619	2,426	46,240	12,843	7,194	–	105,145
Financial liabilities								
Borrowings	(1,208)	(55,194)	–	(44,197)	–	–	–	(100,599)
Amounts owing to related parties	(10,370)	–	–	–	–	–	–	(10,370)
Trade and other payables	(4,788)	(3,109)	(120)	(11,425)	(2,335)	(905)	(8)	(22,690)
	(16,366)	(58,303)	(120)	(55,622)	(2,335)	(905)	(8)	(133,659)
Currency exposure on financial assets and liabilities	(3,543)	(34,684)	2,306	(9,382)	10,508	6,289	(8)	(28,514)
Less:								
Net financial (assets)/liabilities denominated in respective entity's functional currency	(8,911)	–	–	9,382	(10,508)	–	–	(8,779)
Currency exposure on financial assets and liabilities	(12,454)	(34,684)	2,306	–	–	6,289	(8)	(37,293)

32 Financial risk management objectives and policies (Cont'd)

32.2 Currency risk (Cont'd)

The Group	SGD RMB'000	USD RMB'000	Euro RMB'000	HKD RMB'000	MOP RMB'000	TWD RMB'000	GBP RMB'000	Total RMB'000
At 31 March 2016								
Financial assets								
Cash and cash equivalents	9,088	28,008	4,231	12,069	2,622	–	–	56,018
Trade and other receivables	8,060	17,379	–	17,453	11,663	5,711	–	60,266
	17,148	45,387	4,231	29,522	14,285	5,711	–	116,284
Financial liabilities								
Borrowings	(5,629)	(102,927)	–	(44,805)	–	–	–	(153,361)
Amounts owing to related parties	(26,846)	–	–	–	–	–	–	(26,846)
Trade and other payables	(4,598)	(866)	(287)	(11,832)	(1,681)	(902)	(25)	(20,191)
	(37,073)	(103,793)	(287)	(56,637)	(1,681)	(902)	(25)	(200,398)
Currency exposure on financial assets and liabilities	(19,925)	(58,406)	3,944	(27,115)	12,604	4,809	(25)	(84,114)
Less:								
Net financial (assets)/liabilities denominated in respective entity's functional currency	(7,439)	–	–	27,115	(12,604)	–	–	7,072
Currency exposure on financial assets and liabilities	(27,364)	(58,406)	3,944	–	–	4,809	(25)	(77,042)

32 Financial risk management objectives and policies (Cont'd)

32.2 Currency risk (Cont'd)

The Company	SGD RMB'000	USD RMB'000	HKD RMB'000	GBP RMB'000	Total RMB'000
At 31 March 2017					
Financial assets					
Cash and cash equivalents	**596**	**47**	**–**	**–**	**643**
Amounts owing by subsidiaries	**25,369**	**7,394**	**9,394**	**–**	**42,157**
Trade and other receivables	**1**	**–**	**–**	**–**	**1**
	25,966	**7,441**	**9,394**	**–**	**42,801**
Financial liabilities					
Trade and other payables	**(2,680)**	**–**	**–**	**–**	**(2,680)**
Currency exposure on financial assets and liabilities	**23,286**	**7,441**	**9,394**	**–**	**40,121**
At 31 March 2016					
Financial assets					
Cash and cash equivalents	1,997	45	–	–	2,042
Amounts owing by subsidiaries	22,009	10,261	10,249	–	42,519
Trade and other receivables	1	–	–	–	1
	24,007	10,306	10,249	–	44,562
Financial liabilities					
Trade and other payables	(2,515)	–	–	(9)	(2,524)
Currency exposure on financial assets and liabilities	21,492	10,306	10,249	(9)	42,038

Sensitivity analysis for currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in the SGD, USD, Euro, TWD, GBP and HKD exchange rates (against RMB), with all other variables held constant, of the Company's and the Group's profit net of tax and equity.

		2017		2016	
The Group		Profit net of tax RMB'000	Equity RMB'000	Profit net of tax RMB'000	Equity RMB'000
SGD	- strengthened 5% (2016 - 5%)	**(529)**	**(529)**	(1,163)	(1,163)
	- weakened 5% (2016 - 5%)	**529**	**529**	1,163	1,163
USD	- strengthened 5% (2016 - 5%)	**(1,474)**	**(1,474)**	(2,482)	(2,482)
	- weakened 5% (2016 - 5%)	**1,474**	**1,474**	2,482	2,482
Euro	- strengthened 5% (2016 - 5%)	**98**	**98**	168	168
	- weakened 5% (2016 - 5%)	**(98)**	**(98)**	(168)	(168)
TWD	- strengthened 5% (2016 - 5%)	**267**	**267**	204	204
	- weakened 5% (2016 - 5%)	**(267)**	**(267)**	(204)	(204)
GBP	- strengthened 5% (2016 - 5%)	**–***	**–***	(1)	(1)
	- weakened 5% (2016 - 5%)	**–***	**–***	1	1

* Represents amount less than RMB1,000.

32 Financial risk management objectives and policies (Cont'd)

32.2 Currency risk (Cont'd)

The Company		2017 Profit net of tax RMB'000	2017 Equity RMB'000	2016 Profit net of tax RMB'000	2016 Equity RMB'000
SGD	- strengthened 5% (2016 - 5%)	**966**	**966**	892	892
	- weakened 5% (2016 - 5%)	**(966)**	**(966)**	(892)	(892)
USD	- strengthened 5% (2016 - 5%)	**309**	**309**	428	428
	- weakened 5% (2016 - 5%)	**(309)**	**(309)**	(428)	(428)
HKD	- strengthened 5% (2016 - 5%)	**390**	**390**	425	425
	- weakened 5% (2016 - 5%)	**(390)**	**(390)**	(425)	(425)
GBP	- strengthened 5% (2016 - 5%)	**–**	**–**	–*	–*
	- weakened 5% (2016 - 5%)	**–**	**–**	–*	–*

* Represents amount less than RMB1,000.

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

32.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from trade and other receivables and bank balances.

For sale of towercranes in the PRC, the Group typically requires a down-payment of up to 30% of the contract price upon the order being placed. Upon delivery, up to 65% of the contract price is payable and the balance is to be paid by the customer at the expiry of the 12-month warranty period for manufacturing defects. For certain customers in the PRC, the Group gives credit terms of approximately 180 days from the date of invoice.

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

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

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other significant concentration of credit risk other than as at 31 March 2017, the five largest trade receivables which represent approximately 32% (2016 - 38%) of the total trade receivables at the end of the reporting period. No other financial assets carry a significant exposure to credit risk.

32 Financial risk management objectives and policies (Cont'd)

32.3 Credit risk (Cont'd)

The credit risk for trade and other receivables of the Group by geographical areas is as follows:

The Group	2017 RMB'000	2016 RMB'000
The PRC	**206,236**	226,738
Singapore	**10,778**	8,061
Hong Kong and Macau	**36,694**	29,116
Other countries	**25,587**	23,090
	279,295	287,005

The allowance for impairment of trade and other receivables is based upon a review of the expected collectability of all trade and other receivables.

The Company's and the Group's major classes of financial assets are bank deposits and trade receivables. Cash is held with banks of good standing. Further details of credit risks on trade and other receivables are disclosed in Note 8 to the financial statements.

The Group's policy is to provide financial guarantees only to subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantee (see Note 17) at the reporting date if the facilities are fully drawn down by the subsidiaries is RMB275,562,000 (2016 - RMB288,640,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

32.4 Liquidity risk

Liquidity or funding risk is the risk that the Company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The exposure of the Company and the Group to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

If the Seller Undertaking were to be crystallised on the assumption of default by customers in making the instalment payments to the bank or financial institution, the Seller Undertaking deemed payable would be:

The Group	2017 RMB'000	2016 RMB'000
Seller Undertaking provided to certain banks	**283**	4,293
Seller Undertaking provided to hire purchase companies	**17,830**	26,030
Security deposit guarantee provided to a hire purchase company	**–**	–
	18,113	30,323

32 Financial risk management objectives and policies (Cont'd)

32.4 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

The Group	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 March 2017				
Trade and other payables	**317,762**	**8,272**	**14,826**	**340,860**
Borrowings	**264,929**	**1,708**	**–**	**266,637**
Amounts owing to related parties	**26,867**	**–**	**–**	**26,867**
Amount owing to a corporate shareholder of a subsidiary	**26,417**	**–**	**–**	**26,417**
	635,975	**9,980**	**14,826**	**660,781**
At 31 March 2016				
Trade and other payables	266,153	19,676	2,459	288,288
Borrowings	377,066	530	–	377,596
Amounts owing to related parties	28,397	–	–	28,397
Amount owing to a corporate shareholder of a subsidiary	26,347	–	–	26,347
	697,963	20,206	2,459	720,628

The Company	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 March 2017				
Trade and other payables	**2,680**	**–**	**–**	**2,680**
Amounts owing to related parties	**80**	**–**	**–**	**80**
Corporate guarantees	**275,562**	**–**	**–**	**275,562**
	278,322	**–**	**–**	**278,322**
At 31 March 2016				
Trade and other payables	2,524	–	–	2,524
Amounts owing to related parties	80	–	–	80
Corporate guarantees	288,640	–	–	288,640
	291,244	–	–	291,244

32.5 Market price risk

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

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

33 Operating segments

Management has determined the operating segments based on the reports reviewed by the Group's chief operating decision-maker that are used to make strategic decisions, allocate resources, and assess performance.

The Group's chief operating decision-maker considers the business from a geographic segment perspective. Management manages and monitors the business in the two primary geographical areas of operations namely, 1) the PRC and 2) Hong Kong and Macau. The following summary describes the operations in each of the Group's reportable segments:

The PRC	:	Engaged predominantly in the manufacture and sale, with some rental and servicing of towercranes and towercrane components and accessories
Hong Kong and Macau	:	Engaged predominantly in the rental and servicing, with some sale of towercranes and towercrane components and accessories

Other segments included corporate functions and the sale and servicing of towercranes and towercrane components and accessories in Singapore. These are not included within the reportable operating segments as they are not separately reported to the Group's chief operating decision-maker and does not meet the quantitative thresholds required by FRS 108 for reportable segments. The results of these operations are included in the "All other segments" column.

The segment information provided to the Group's chief operating decision-maker for the reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Group's chief operating decision-maker. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

2017	The PRC	Hong Kong and Macau	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Sales				
Total segment sales	583,255	133,713	89,227	806,195
Inter-segment sales	(234,111)	3,940	(1,530)	(231,701)
Sales to external parties	349,144	137,653	87,697	574,494
Comprises:				
Sale of manufactured towercranes and towercrane components and accessories	316,279	21,723	85,477	423,479
Rental and service income	32,865	115,930	2,220	151,015
	349,144	137,653	87,697	574,494
Results				
Interest income	772	–	–	772
Depreciation expenses	31,911	23,982	542	56,435
Amortisation expenses	100	–	–	100
Interest expenses	14,676	1,878	87	16,641
Reportable segment profit before taxation	15,794	20,114	4,129	40,037
Other segment information				
Reportable segment assets	1,093,528	176,654	145,057	1,415,239
Additions to property, plant and equipment	1,759	2,570	1,891	6,220
Reportable segment liabilities	653,176	57,957	20,214	731,347

33 Operating segments (Cont'd)

2016	The PRC RMB'000	Hong Kong and Macau RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Total segment sales	480,285	95,924	91,652	667,861
Inter-segment sales	(216,538)	3,628	–	(212,910)
Sales to external parties	263,747	99,552	91,652	454,951
Comprises:				
Sale of manufactured towercranes and towercrane components and accessories	253,951	10,473	90,342	354,766
Rental and service income	9,796	89,079	1,310	100,185
	263,747	99,552	91,652	454,951
Results				
Interest income	4,955	1	–	4,956
Depreciation expenses	28,130	21,239	618	49,987
Amortisation expenses	100	–	–	100
Interest expenses	18,115	2,197	343	20,655
Reportable segment (loss)/profit before taxation	(10,339)	12,956	1,824	4,441
Other segment information				
Reportable segment assets	1,137,601	159,251	120,390	1,417,242
Additions to property, plant and equipment	7,612	3,389	19	11,020
Reportable segment liabilities	690,384	58,318	38,910	787,612

Sales between segments are carried out at market terms. The revenue from external parties reported to the Group's chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items:

	2017 RMB'000	2016 RMB'000
Profit or loss		
Profit before taxation for reportable segments	**35,908**	2,617
Profit before taxation for other segments	**4,127**	1,824
	40,037	4,441
Assets		
Total reportable segment assets	**1,415,239**	1,417,242
Deferred tax assets	**15,518**	16,643
Consolidated total assets	**1,430,757**	1,433,885
Liabilities		
Total reportable segment liabilities	**731,347**	787,612
Deferred tax liabilities	**19,883**	15,975
Current tax payable	**1,982**	2,468
Consolidated total liabilities	**753,212**	806,055

33 Operating segments (Cont'd)

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

The Group	2017 RMB'000	2016 RMB'000
The PRC	**283,305**	132,610
Hong Kong and Macau	**138,735**	102,639
Asia - others	**66,384**	70,468
Middle East	**32,077**	66,294
United States of America and Europe	**34,681**	45,834
Singapore	**16,584**	35,335
Others	**2,728**	1,771
	574,494	454,951

Non-current assets[1] information based on geographical location is as follows:

The Group	2017 RMB'000	2016 RMB'000
The PRC	**355,112**	355,834
Hong Kong and Macau	**110,522**	108,892
Others	**5,707**	559
	471,341	465,285

1 Non-current assets exclude financial instruments and deferred tax assets.

Information about major customers

Revenue of approximately RMB90,347,000 (2016 - RMB Nil) are derived from a single external customer who solely account for 10% or more of the Group's revenue. These revenues are attributable to the sales in the PRC segment.

34 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation techniques and significant unobservable inputs

The income approach was used to estimate the fair value of investment THEC. The valuation involves estimation of Free Cash Flows to Firm, which is defined as the cash generated from operation after taking into account requirements for capital expenditure and incremental working capital. These cash flows are then discounted at an appropriate weighted average cost of capital ("WACC") to arrive at the business value.

34 Fair value measurement (Cont'd)

Valuation techniques and significant unobservable inputs (Cont'd)

Available-for-sale financial assets were carried at fair value at the end of each reporting period with changes in fair value recognised in equity. The following table shows the Group's valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

Valuation technique	Significant unobservable input	31 March 2017 %	31 March 2016 %	Inter-relationship between key unobservable inputs and fair value measurement
				The estimated fair value would increase/(decrease) if:
WACC	Risk-free rate	3.3	2.9	- The risk free rate was higher/(lower)
	Expected market return	10.7	13.1	- The expected market return was higher/(lower)
	Tax rate	25	25	- The tax rate was lower/(higher)
	Debt/Equity ratio	111	94	- The debt/equity ratio was higher/(lower)
	Risk premium	5.6	5.8	- The risk premium was higher/(lower)
	Cost of equity	18.4	17.0	- The cost of equity was higher/(lower)
	Cost of debt	4.9	4.4	- The cost of debt was higher/(lower)

Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

34 Fair value measurement (Cont'd)

Fair value measurement of financial instruments (Cont'd)

The Company and the Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 March 2017				
Assets				
Available-for-sale financial assets	–	–	93,067	93,067
At 31 March 2016				
Assets				
Available-for-sale financial assets	–	–	81,846	81,846

The fair value of financial instruments that are not traded in an active market is determined by using valuation technique. The Company and the Group use income approach to determine fair value for the financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Disclosures on the "Available-for-sale financial assets" are provided in Note 7 to the financial statements.

Financial instruments by category

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 39 categories:

	The Company		The Group	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Trade and other receivables	**1**	1	**279,295**	287,005
Available-for-sale financial assets	**93,067**	81,846	**93,067**	81,846
Amounts owing by subsidiaries	**42,157**	42,519	**–**	–
Amounts owing by related parties	**–**	–	**83,081**	95,584
Amount owing by a corporate shareholder of a subsidiary	**–**	–	**434**	453
Cash and cash equivalents	**643**	2,042	**148,453**	166,036
	135,868	126,408	**604,330**	630,924
Financial liabilities				
Trade and other payables	**2,680**	2,524	**363,958**	288,288
Borrowings	**–**	–	**257,599**	367,578
Amounts owing to related parties	**80**	80	**26,238**	28,397
Amount owing to a corporate shareholder of a subsidiary	**–**	–	**25,489**	26,008
	2,760	2,604	**673,284**	710,271

35 Capital management

The Group's objectives when managing capital are:

(a) to safeguard the Group's ability to continue as a going concern;

(b) to support the the Group's stability and growth;

(c) to provide capital for the purpose of strengthening and the Group's risk management capability; and

(d) to provide an adequate return to shareholders.

The Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently do not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year. The Group are not subject to externally imposed capital requirements.

The Group manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2016.

Gearing has a significant influence on the Group's capital structure and the Group monitor capital using a gearing ratio. The Group's policies are to keep the gearing ratio between 40% and 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables plus amounts owing to/advances from related parties, a corporate shareholder of a subsidiary less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

The Group	**2017 RMB'000**	2016 RMB'000
Net debt	**554,324**	580,567
Total equity	**617,046**	573,747
Total capital	**1,171,370**	1,154,314
Gearing ratio	**47.3%**	50.3%

Shareholders' Information

as at 12 June 2017

Total Number of Shares	:	88,749,997
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.71	60	0.00
100 - 1,000	129	30.35	78,800	0.09
1,001 - 10,000	221	52.00	956,180	1.08
10,001 - 1,000,000	66	15.53	5,860,134	6.60
1,000,001 AND ABOVE	6	1.41	81,854,823	92.23
TOTAL	425	100.00	88,749,997	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUN & TIAN INVESTMENT PTE LTD	50,942,870	57.40
2	TAT HONG HOLDINGS LTD	21,253,153	23.95
3	RAFFLES NOMINEES (PTE) LIMITED	4,227,800	4.76
4	OCBC SECURITIES PRIVATE LIMITED	2,009,400	2.26
5	2G CAPITAL PTE LTD	2,000,000	2.25
6	CITIBANK NOMINEES SINGAPORE PTE LTD	1,421,600	1.60
7	HSBC (SINGAPORE) NOMINEES PTE LTD	955,000	1.08
8	SUN TIAN	781,800	0.88
9	UOB KAY HIAN PRIVATE LIMITED	421,400	0.47
10	TAN ENG ANN	320,340	0.36
11	YING SIEW KHAY	255,548	0.29
12	SEE BENG LIAN JANICE	170,000	0.19
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	169,980	0.19
14	CHIA KEE KOON	164,800	0.19
15	CHEN LAY GEOK	150,000	0.17
16	YAP SOON YONG	140,040	0.16
17	HO KIM HONG	136,000	0.15
18	OH CHUN SIANG	130,600	0.15
19	YAU KOK SAN	115,885	0.13
20	LEE SWEE KHIM	114,000	0.13
	TOTAL	85,880,216	96.76

Shareholders' Information

as at 12 June 2017

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Sun Zhao Lin[1]	–	–	50,942,870	57.40
Tian Ruo Nan[1]	66,600	0.08	50,942,870	57.40
Tat Hong Holdings Ltd	21,253,153	23.95	–	–
Chwee Cheng & Sons Pte Ltd[2]	–	–	21,253,153	23.95
Sun & Tian Investment Pte. Ltd.	50,942,870	57.40	–	–

The percentage of shareholding above is computed based on the total issued shares of 88,749,997 excluding treasury shares.

Notes:

1 Mr Sun Zhao Lin and Ms Tian Ruo Nan are deemed to be interested in the shares of the Company by virtue of the shares held by Sun & Tian Investment Pte. Ltd.. Mr Sun Zhao Lin and Ms Tian Ruo Nan are directors and substantial shareholders of Sun & Tian Investment Pte. Ltd..

2 Chwee Cheng & Sons Pte Ltd is deemed to be interested in the shares of the Company by virtue of the shares held by Tat Hong Holdings Ltd. Mr Ng San Tiong is a director and shareholder of Chwee Cheng & Sons Pte Ltd. Chwee Cheng & Sons Pte Ltd and Mr Ng San Tiong are substantial shareholders of Tat Hong Holdings Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

14.72% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Yongmao Holdings Limited (the "**Company**") will be held at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 on Monday, 24 July 2017 at 9.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statements and the Audited Financial Statements of the Company and the Group for the year ended 31 March 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend (tax exempt one-tier) of 1 Singapore cent per ordinary share for the financial year ended 31 March 2017. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 117 of the Constitution of the Company:-

   (i) Mr Sun Zhao Lin **(Resolution 3)**
   (ii) Mr Sun Tian **(Resolution 4)**
   (iii) Mr Ng San Tiong **(Resolution 5)**

4. To approve the payment of Directors' fees of S$222,000 for the financial year ended 31 March 2017 (2016: S$222,000). **(Resolution 6)**

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

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

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

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

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

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

   (the "**Share Issue Mandate**")

provided that:-

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 8)**

[See Explanatory Note (i)]

8. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:-

(a) approval be and is given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report dated 6 July 2017 (the "**Appendix**") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this Resolution. **(Resolution 9)**

[See Explanatory Note (ii)]

By Order of the Board

Chew Kok Liang
Company Secretary

6 July 2017
Singapore

Explanatory Notes:-

(i) Resolution 8 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

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

(ii) Resolution 9 above, if passed, will authorise the Interested Person Transactions as described in the Appendix to the Annual Report and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:-

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:-

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Notice of
Annual General Meeting

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Yongmao Holdings Limited (the "**Company**") will be closed on 4 August 2017 for the purpose of determining the entitlements to the first and final dividend (tax exempt one-tier) of 1 Singapore cent per ordinary share to be proposed at the Annual General Meeting ("**AGM**") of the Company to be held on 24 July 2017.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd. of 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, up to 5.00 p.m. on 3 August 2017 will be registered to determine members' entitlements to the said dividend.

Members whose Securities Account with The Central Depository (Pte) Limited are credited with shares up to 5.00 p.m. on 3 August 2017 will be entitled to the proposed dividend.

The proposed payment of the dividend, if approved by the members at the AGM to be held on 24 July 2017, will be made on 21 August 2017.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SUMMARY SHEET FOR RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

Yongmao Holdings Limited (the "Company") together with its subsidiaries (collectively the "Group") is seeking approval from the Shareholders at the Annual General Meeting ("AGM") to be held on 24 July 2017 for the renewal of the Shareholders' Mandate to authorise the Group to enter into various Interested Person Transactions in compliance with Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

2. GENERAL

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

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

Under the SGX-ST's Listing Manual:-

(a) an "entity at risk" means:

  (i) the listed company;

  (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

  (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "listed group"), or the listed group and its interested person(s), has control over the associated company;

(b) an "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) an "associate" means:-

  in relation to an interested person who is a director, chief executive officer, substantial or controlling shareholder includes:-

  (i) an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling and parent) of such director, chief executive officer or controlling shareholder;

  (ii) the trustees of any trust of which the director or his immediate family, the chief executive officer or his immediate family or controlling shareholder or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object;

  (iii) any company in which the director and his immediate family, the chief executive officer and his immediate family or controlling shareholder and his immediate family has an aggregate interest (directly or indirectly) of 30% or more; and

  (iv) where a substantial shareholder or a controlling shareholder which is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) An “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group;

(e) An “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;

(f) A “controlling shareholder” means a person who holds (directly or indirectly) 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in the company. The Exchange may determine that a person who satisfies this paragraph is not a controlling shareholder or in fact exercises control over a company; and

(g) An “interested person transaction” means a transaction between an entity at risk and an interested person.

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

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) an independent financial adviser’s opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the listed company and its minority shareholders;

(vi) an opinion from the Audit Committee if it takes a different view to the independent financial adviser;

(vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate; and

(viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

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

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

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

3. CLASSES OF INTERESTED PERSONS

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

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

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

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

4. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

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

(i) the sale of products (including the sale of towercranes and towercrane accessories to companies within the Tat Hong Group) and the provision of services; and

(ii) the purchase of products and services (including the purchases of consumables from FYIT).

5. RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE

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

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

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

6. GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

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

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

(a) any transaction, whose value is less than 3% of the latest audited net tangible assets of the Group will be reviewed and approved by a non-interested Executive Director. In the event that all the Executive Directors have an interest, whether directly or indirectly, in the transaction, it will be reviewed and approved by a non-interested and Non-Executive Director; and

(b) any transaction, whose value is equal to or exceeds 3% of the latest audited net tangible assets of the Group will be reviewed and approved by at least one member of our Audit Committee.

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

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

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

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

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

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

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

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

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

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

7. AUDIT COMMITTEE'S STATEMENT

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

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders of the Company in the issued share capital of the Company as at 12 June 2017 are set out below:-

	Number of Shares		Number of Shares	
Director	Direct Interest	%	Deemed Interest	%
Sun Zhao Lin[1]	–	–	50,942,870	57.40
Tian Ruo Nan[1]	66,600	0.08	50,942,870	57.40
Ng San Tiong	–	–	–	–
Sun Tian[2]	781,800	0.88	–	–
Chua Kee Lock	–	–	–	–
Ho Chew Thim	–	–	–	–
Steve Lai Mun Fook	–	–	–	–
Sun & Tian Investment Pte. Ltd.	50,942,870	57.40	–	–
Tat Hong Holdings Ltd	21,253,153	23.95	–	–
Chwee Cheng & Sons Pte Ltd[3]	–	–	21,253,153	23.95

Notes:

1. Mr Sun Zhao Lin and Ms Tian Ruo Nan are deemed to be interested in the shares of the Company by virtue of the shares held by Sun & Tian Investment Pte. Ltd. Mr Sun Zhao Lin and Ms Tian Ruo Nan are directors and substantial shareholders of Sun & Tian Investment Pte. Ltd.

2. Mr Sun Tian is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan.

3. Chwee Cheng & Sons Pte Ltd is deemed to be interested in the shares of the Company by virtue of the shares held by Tat Hong Holdings Ltd. Mr Ng San Tiong is a director and shareholder of Chwee Cheng & Sons Pte Ltd. Chwee Cheng & Sons Pte Ltd and Mr Ng San Tiong are substantial shareholders of Tat Hong Holdings Ltd.

9. ABSTENTION FROM VOTING

(i) Mr Sun Zhao Lin, Ms Tian Ruo Nan, Mr Sun Tian and Tat Hong Holdings Ltd, and their respective associates, being the Interested Persons will abstain from voting on the Resolution 9.

(ii) Mr Ng San Tiong who hold directorship and executive position in Tat Hong Group, and their respective associates will abstain from voting on the Resolution 9.

10. DIRECTORS' RECOMMENDATION

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

For the reasons set out in paragraph 5 of the Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions at this AGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his/her behalf, he/she should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him/her from attending and voting at the AGM if he/she so wishes.

13. SGX-ST

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

YONGMAO HOLDINGS LIMITED

(Company Registration No. 200510649K)
(Incorporated in the Republic of Singapore)

IMPORTANT:-

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____

being a member/members of **YONGMAO HOLDINGS LIMITED** (the "**Company**"), hereby appoint:-

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 on Monday, 24 July 2017 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:-	No. of votes 'For'*	No. of votes 'Against'*
Ordinary Businesses			
1	Directors' Statement and Audited Financial Statements for the year ended 31 March 2017		
2	Declaration of First and Final Dividend for the financial year ended 31 March 2017		
3	Re-election of Mr Sun Zhao Lin as Director		
4	Re-election of Mr Sun Tian as Director		
5	Re-election of Mr Ng San Tiong as Director		
6	Approval of Directors' Fees amounting to S$222,000 for the year ended 31 March 2017		
7	Re-appointment of Messrs Foo Kon Tan LLP as Auditors		
Special Businesses			
8	Authority to issue shares		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ______________ 2017

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

____

Signature of Shareholder(s)
and, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:-

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 July 2017.

General:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Yongmao Holdings Limited

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

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