

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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

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

Group statement of profit or loss and other comprehensive income for the financial period ended 30 June 2017. These figures have not been audited.

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2017 (Q1 FY2018)	3 months ended 30 Jun 2016 (Q1 FY2017) <i>Restated</i> ¹	Increase/ (Decrease)
Revenue	153,165	154,642	(1.0)
Cost of sales	(108,531)	(102,892)	5.5
Gross profit	44,634	51,750	(13.8)
Other income	425	714	(40.5)
Distribution costs	(12,295)	(14,469)	(15.0)
Administrative expenses	(19,423)	(19,472)	(0.3)
Other operating expenses	(963)	(1,109)	(13.2)
Finance costs	(3,642)	(4,631)	(21.4)
Total operating expenses	(36,323)	(39,681)	(8.5)
Profit before taxation	8,736	12,783	(31.7)
Taxation	(1,266)	(2,692)	(53.0)
Net profit for the period	7,470	10,091	(26.0)
Attributable to:			
Equity holders of the Company	6,702	8,011	(16.3)
Non-controlling interests	768	2,080	(63.1)
Net profit for the period	7,470	10,091	(26.0)

Note:

1. See Paragraph 4 on the reclassification of comparative figures.

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2017 (Q1 FY2018)	3 months ended 30 Jun 2016 (Q1 FY2017)	Increase/ (Decrease)
Net profit for the period	7,470	10,091	(26.0)
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit of loss:			
Exchange translation difference ¹	(2,487)	2,713	NM
Other comprehensive (expense)/income of the period, net of tax	(2,487)	2,713	NM
Total comprehensive income for the period	4,983	12,804	(61.1)
Total comprehensive income attributable to:			
Equity holders of the Company	4,215	9,748	(56.8)
Non-controlling interests	768	3,056	(74.9)
Total comprehensive income for the period	4,983	12,804	(61.1)

Notes to Group statement of profit or loss:

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2017 (Q1 FY2018)	3 months ended 30 Jun 2016 (Q1 FY2017)	Increase/ (Decrease)
Other income			
Amortisation of deferred capital grants	57	57	-
Interest income	217	256	(15.2)
Compensation income ²	-	259	(100.0)
Others	151	142	6.3
	425	714	(40.5)
Other operating expenses			
Exchange loss	366	575	(36.3)
Bank charges	576	495	16.4
Property, plant and equipment written off	-	4	(100.0)
Others	21	35	(40)
	963	1,109	(13.2)

NM: Not Meaningful

Notes to other profit or loss items

The Group profit before taxation is arrived at after charging:

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2017 (Q1 FY2018)	3 months ended 30 Jun 2016 (Q1 FY2017)	Increase/ (Decrease)
Amortisation of intangibles assets	25	25	-
Depreciation of property, plant and equipment	13,533	13,754	(1.6)
Interest expense	3,642	4,631	(21.4)
Operating lease rentals	2,048	2,053	(0.2)

Note:

1. Loss on exchange translation arose mainly from translation of the net assets of our Hong Kong subsidiary. HKD depreciated 2.0% against RMB in Q1 FY2018.
2. Mainly from customer's compensation income received by court orders resulted from breach of contract in Q1 FY2017.

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

	Group		Company	
	30 Jun 2017 RMB'000	31 Mar 2017 RMB'000	30 Jun 2017 RMB'000	31 Mar 2017 RMB'000
ASSETS				
Non-current				
Property, plant and equipment	452,146	467,201	-	-
Intangible assets	25	50	-	-
Subsidiaries	-	-	344,363	344,363
Available-for-sale financial assets	93,067	93,067	93,067	93,067
Trade and other receivables	716	743	-	-
Deferred costs	4,763	4,090	-	-
Deferred tax assets	15,238	15,518	-	-
	<u>565,955</u>	<u>580,669</u>	<u>437,430</u>	<u>437,430</u>
Current				
Inventories	330,480	317,649	-	-
Trade and other receivables	309,034	292,136	96	189
Deferred costs	7,734	8,335	-	-
Amounts owing by subsidiaries	-	-	37,924	42,157
Amounts owing by related parties	90,470	83,081	-	-
Amount owing by a corporate shareholder of a subsidiary	553	434	-	-
Cash and cash equivalents	134,438	148,453	3,519	643
	<u>872,709</u>	<u>850,088</u>	<u>41,539</u>	<u>42,989</u>
TOTAL ASSETS	<u>1,438,664</u>	<u>1,430,757</u>	<u>478,969</u>	<u>480,419</u>
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	309,740	304,562	156,931	158,594
Equity attributable to equity holders of the Company	<u>622,224</u>	<u>617,046</u>	<u>469,415</u>	<u>471,078</u>
Non-controlling interests	60,304	60,499	-	-
TOTAL EQUITY	<u>682,528</u>	<u>677,545</u>	<u>469,415</u>	<u>471,078</u>
LIABILITIES				
Non-current				
Borrowings	1,418	1,570	-	-
Deferred income	6,769	6,284	-	-
Deferred capital grants	10,171	10,228	-	-
Deferred tax liabilities	19,848	19,883	6,777	6,559
Trade and other payables	22,884	23,098	-	-
	<u>61,090</u>	<u>61,063</u>	<u>6,777</u>	<u>6,559</u>
Current				
Trade and other payables	381,928	365,246	2,651	2,680
Borrowings	243,663	256,029	-	-
Deferred income	11,029	11,829	-	-
Deferred capital grants	229	229	-	-
Amounts owing to/advances from related parties	28,994	31,345	80	80
Amounts owing to a corporate shareholder of a subsidiary	26,644	25,489	-	-
Current tax payable	2,559	1,982	46	22
	<u>695,046</u>	<u>692,149</u>	<u>2,777</u>	<u>2,782</u>
TOTAL EQUITY AND LIABILITIES	<u>1,438,664</u>	<u>1,430,757</u>	<u>478,969</u>	<u>480,419</u>

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

	As at 30 Jun 2017		As at 31 Mar 2017	
	Secured ⁽¹⁾	Unsecured ⁽²⁾	Secured ⁽¹⁾	Unsecured ⁽²⁾
	RMB'000	RMB'000	RMB'000	RMB'000
Amount repayable in one year or less, or on demand	243,663	39,199	256,029	33,505
Amount repayable after one year	1,418	-	1,570	-
	245,081	39,199	257,599	33,505

Details of any collaterals

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

	30 Jun 2017	31 Mar 2017	Description
	RMB'000	RMB'000	
Bank borrowings			
a)	30,000	20,000	Granted to Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao"), guaranteed by Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") and a director of the Company.
b)	50,000	50,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao.
c)	10,000	10,000	Granted to Fushun Yongmao, guaranteed by the Company.
d)	40,943	55,194	Granted to Fushun Yongmao, guaranteed by the Company and the irrevocable letter of guarantees issued by another bank. The letter of guarantees are guaranteed by Beijing Yongmao and certain directors of the Company and secured by bank deposits.
e)	10,000	10,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao and certain directors of the Company and secured by bank deposits.
f)	30,000	30,000	Granted to Fushun Yongmao, guaranteed by the Company, Beijing Yongmao and a director of the Company and secured by fixed deposit.
g)	12,000	12,000	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by bank deposits.
	182,943	187,194	
Short-term trade financing			
a)	24,000	25,000	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by certain trade receivables from related party.
	24,000	25,000	
Finance lease obligations			
a)	2,929	2,933	In respect of motor vehicles and office equipment acquired under finance leases.
b)	35,209	42,472	In respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.
	38,138	45,405	
	245,081	257,599	

The above borrowings are for working capital purposes.

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

- RMB18.4 million (31 March 2017 – RMB18.4 million), which was interest-bearing, was from a corporate shareholder to Beijing Yongmao for the purpose of increasing the working capital of Beijing Yongmao. This is included as part of "Amounts owing to a corporate shareholder of a subsidiary" under current liabilities in the balance sheet.
- RMB11.2million (31 March 2017 – RMB12.0 million), which was interest-bearing, was from related parties to Fushun Yongmao for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to/advances from related parties" under current liabilities in the balance sheet.
- RMB9.6 million (31 March 2017 – RMB3.1 million), which was non-interest bearing, was from a director of the Company to Fushun Yongmao for the purpose of increasing the working capital of the Group. This is included as part of "Trade and other payables" under current liabilities in the balance sheet.

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

	Group (First Quarter)	
	RMB'000	
	3 months ended 30 Jun 2017 (Q1 FY2018)	3 months ended 30 Jun 2016 (Q1 FY2017)
Cash flows from operating activities		
Profit before taxation	8,736	12,783
Adjustments for:		
Amortisation of deferred capital grants	(57)	(57)
Amortisation of intangible assets	25	25
Depreciation of property, plant and equipment	13,533	13,754
Property, plant and equipment written off	-	4
Interest expense	3,642	4,631
Interest income	(217)	(256)
Exchange translation difference	(564)	2,127
Operating profit before working capital changes	25,098	33,011
Increase in inventories ¹	(13,155)	(27,413)
(Increase)/Decrease in deferred costs	(72)	3,012
Increase in operating receivables	(25,429)	(11,934)
Increase in operating payables	11,019	72,882
Decrease in deferred income	(315)	(4,160)
Cash (used in)/generated from operations	(2,854)	65,398
Interest paid	(3,759)	(4,565)
Tax paid	(153)	(1,251)
Net cash (used in)/generated from operating activities	(6,766)	59,582
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,393)	(1,505)
Receipt from corporate shareholder of a subsidiary	10	-
Interest received	217	110
Net cash used in investing activities	(1,166)	(1,395)
Cash flows from financing activities		
Proceeds from borrowings	46,298	25,586
Repayment of borrowings	(50,739)	(120,034)
Repayment of finance lease liabilities	(6,728)	(6,911)
Restricted bank balances	29,552	32,178
(Repayment)/Advances to related parties	(910)	14,700
Advances from a director	6,500	-
Dividends paid to non-controlling interests	-	(694)
Net cash generated from/(used in) from financing activities	23,973	(55,175)
Net increase in cash and cash equivalents	16,041	3,012
Cash and cash equivalents at beginning of period	53,938	81,258
Exchange adjustments	(504)	777
Cash and cash equivalents at end of period	69,475	85,047

Note:

- Included in increase in inventories for Q1 FY2018 of RMB8.6 million (Q1 FY2017 : RMB17.5 million) were towercranes and towercrane components and accessories that were self-constructed which were held for rental purposes and have been presented under operating activities in accordance with FRS 7.

	Group	
	RMB'000	RMB'000
	30 Jun 2017	30 Jun 2016
Analysis of cash and cash equivalents		
Cash on hand	128	182
Bank balances	134,310	137,465
	134,438	137,647
Restricted bank balances	(64,963)	(52,600)
	69,475	85,047

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

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:									
Balance as at 1 Apr 2017	312,484	(26,769)	59,251	14,392	250,948	6,740	617,046	60,499	677,545
Total comprehensive income/(expenses) for the period	-	-	-	-	6,702	(1,524)	5,178	(195)	4,983
Transfer to statutory common reserve	-	-	392	-	(392)	-	-	-	-
Balance as at 30 Jun 2017	312,484	(26,769)	59,643	14,392	257,258	5,216	622,224	60,304	682,528

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:									
Balance as at 1 Apr 2016	312,484	(26,769)	58,070	3,171	224,006	2,785	573,747	54,083	627,830
Total comprehensive income for the period	-	-	-	-	8,011	1,737	9,748	3,056	12,804
Transfer to statutory common reserve	-	-	1,696	-	(1,696)	-	-	-	-
Balance as at 30 Jun 2016	312,484	(26,769)	59,766	3,171	230,321	4,522	583,495	57,139	640,634

Company	Share capital	Fair value reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Current year:				
Balance as at 1 Apr 2017	312,484	14,392	144,202	471,078
Total comprehensive expense for the period	-	-	(1,663)	(1,663)
Balance as at 30 Jun 2017	312,484	14,392	145,865	469,415

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

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

There was no change in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose in Q1 FY2018 or Q1 FY2017.

There was no outstanding convertible, treasury share or subsidiary holdings as at 30 June 2017 (30 June 2016 – Nil).

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

	30 June 2017	31 March 2017
Total number of issued shares (excluding treasury shares)	88,749,997	88,749,997

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

There was no sale, transfer, cancellation and/or use of treasury shares as at 30 June 2017 (30 June 2016 – Nil).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, cancellation and/or use of subsidiary holdings as at 30 June 2017 (30 June 2016 – Nil).

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

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

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

Not applicable.

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

The Group has adopted the same accounting policies and method of computation as the audited financial statements for the financial year ended 31 March 2017 except that the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on 1 April 2017.

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

Agents' commission of RMB2.0 million incurred in Q1 FY2017 recognised under "distribution costs" previously has been reclassified to "cost of sales" in the Group statement of profit or loss to conform with the Q1 FY2018 presentation.

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

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

Please refer to Paragraph 4 above.

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

	Group (First Quarter)	
	RMB'000	
	3 months ended	3 months ended
	30 Jun 2017 (Q1 FY2018)	30 Jun 2016 (Q1 FY2017)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	6,702	8,011
Weighted average no. of shares used in computation of basic earning per shares	88,749,997	88,749,997
Earnings per share (in cents RMB)		
(a) Based on weighted average number of ordinary shares on issue	7.55	9.03
(b) On a fully diluted basis	7.55	9.03

The basic and diluted earnings per ordinary share of the Group is computed based on the Group's profit after taxation attributable to equity holders of the Company on the existing number of ordinary shares in issue of 88,749,997 at the end of the reporting periods.

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

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

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

	Group		Company	
	30 Jun 2017	31 Mar 2017	30 Jun 2017	31 Mar 2017
Net asset value per ordinary share (RMB cents)	701.10	695.26	528.92	530.79

Net asset value per share for the Group and the Company for 30 June 2017 and 31 March 2017 has been computed based on shareholders' equity as at the respective dates and the number of shares of 88,749,997 ordinary shares.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF INCOME STATEMENT OF THE GROUP

First Quarter FY2018 ("Q1 FY2018") vs First Quarter FY2017 ("Q1 FY2017")

Revenue

Group revenue slightly decreased 1.0% to RMB153.2 million in Q1 FY2018 as compared to RMB154.6 million in Q1 FY2017. The decrease was mainly resulted from lower services income of RMB3.4 million and lower sales of components and accessories of RMB5.9 million, partly offset by higher sales in towercranes of RMB7.8 million. Decrease in service income mainly due to decrease in Macau operations as a result of weaker demand.

Sales in PRC and Asia (outside the PRC) has dropped by RMB7.6 million and RMB3.5 million respectively. The decrease was offset by the increase in Middle East & others and USA & Europe which grew by RMB8.0 million and RMB1.7 million respectively due to higher demand of towercranes especially in Finland and Israel region. Overall, PRC sales still made the largest turnover contribution to the Group, amounting to 46.6% of revenue in Q1 FY2018 as compared to 51.1% of revenue in Q1 FY2017.

Gross profit and gross profit margin

Gross profit decreased 13.8% to RMB44.6 million in Q1 FY2018 from RMB51.8 million in Q1 FY2017. The decrease was mainly due to lower margin in Q1 FY2018.

Average gross profit margin decreased to 29.1% in Q1 FY2018 from 33.5% in Q1 FY2017. The decrease was mainly attributable to lower margin from service income in Macau as more dismantling services was provided in Q1 FY2017. However, there were no such services in Q1 FY2018. There were also lesser sales of large-sized tower cranes and sales of components and accessories which generates higher gross margin in Q1 FY2018 as compared to Q1 FY2017.

Other income

The decrease of other income to RMB0.4 million in Q1 FY2018 as compared to RMB0.7million in Q1 FY2017 was mainly due to one-time compensation income from customer by court orders resulted from breach of contract in Q1 FY2017.

Operating expenses

Total operating expenses decreased 8.5% to RMB36.3million in Q1 FY2018 as compared to RMB39.7 million in Q1 FY2017.

Distribution costs decreased 15.0% to RMB12.3 million in Q1 FY2018 as compared to RMB14.5 million in Q1 FY2017 mainly due to lower freight and transportation charges in line with lower sales of large-sized towercranes as explained above. The decrease is further explained by lower after sales services expenses offset by higher employee benefit costs.

Administrative expenses slightly decreased 0.3% to RMB19.4 million in Q1 FY2018 as compared to RMB19.5 million in Q1 FY2017 mainly due to lower transportation and travelling expenses and office expenses. This decrease was partly offset by higher employee benefit costs during the period.

Other operating expenses decreased 13.2% to RMB1.0 million in Q1 FY2018 as compared to RMB1.1 million in Q1 FY2017 mainly due to lower exchange loss. This decrease was partly offset by higher bank charges.

The exchange loss arose mainly from the weakening of Singapore dollars (“SGD”) against Chinese Yuan (“RMB”) due to net SGD assets in the Company’s books and RMB liabilities in the Singapore subsidiary’s books.

In line with the lower average borrowing and lower effective interest rate, finance costs decreased 21.4% to RMB3.6 million in Q1 FY2018 as compared to RMB4.6 million in Q1 FY2017.

Taxation

Income tax expense decreased 53.0% to RMB1.3 million in Q1 FY2018 as compared to RMB2.7 million in Q1 FY2017 in line with the lower profit for the financial period and the utilization of unabsorbed tax losses previously not recognized as deferred tax asset.

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

The Group recorded a profit before taxation of RMB8.7 million in Q1 FY2018 as compare to RMB12.8 million in Q1 FY2017 was mainly due to lower gross profit offset by lower operating expenses.

Net profit attributable to equity holders of the Company decreased 16.3% to RMB6.7 million in Q1 FY2018 from RMB8.0 million mainly due to lower profit before taxation as mentioned above and lower profit attributable to non-controlling interest.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets decreased by RMB14.7 million to RMB566.0 million as at 30 June 2017 mainly due to depreciation and amortization expenses charged and lower deferred tax assets, partly offset by higher deferred cost for the financial period.

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

Deferred tax assets decreased mainly from lower provisions and elimination of unrealised profits in intragroup sales.

Current Assets

Current assets increased by RMB22.6 million to RMB872.7 million as at 30 June 2017 mainly due to higher inventory, trade and other receivables and amount owing by related parties. This was partly offset by lower cash and cash equivalents and deferred cost.

Inventories increased by RMB12.8 million for delivery due in the second quarter FY2018.

Trade and other receivables increased by RMB15.6 million to RMB307.8 million as at 30 June 2017 due to higher net sales over collection in Q1 FY2018.

Amount owing by related parties increased by RMB7.4 million to RMB90.5 million as at 30 June 2017 due to slower payment from related parties.

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

Non-current Liabilities

Non-current liabilities increased by RMB0.3 million to RMB61.1 million as at 30 June 2017 as compared to RMB61.1 million as at 31 March 2017 mainly due to increase in deferred income (See Note on deferred income below).

Current Liabilities

Current liabilities increased by RM2.9 million to RMB695.0 million as at 30 June 2017 as compared to RMB692.1 million as at 31 March 2017 mainly due to increase in trade and other payables, amount owing to a corporate shareholder of a subsidiary and current tax payable. This was partly offset by decrease in amount owing to related parties and borrowing.

Trade and other payables increased by RMB15.4 million mainly due to higher purchases and slower repayment.

Amount owing to a corporate shareholder increased by RMB1.2million due to slower repayment.

Amount owing to related parties decreased mainly due to loan repayment to related parties.

Deferred income included RMB17.8 million of revenue deferred due to uncertainty in the timing of the consideration for the delivery of goods made to the customer. Owing to the uncertainty, the amount of the unpaid sum owed by the customer to the financial institution is deferred and recognised as revenue when the uncertainty is removed. The deferred costs, as mentioned under non-current and current assets above, related to the amount carried in the statement of financial position to the extent that revenue has been deferred. The decrease in deferred income, from RMB18.1 million as at 31 March 2017, was mainly due to repayment by customers to financial institutions.

Total Equity

As at 30 June 2017, the Group's total equity amounted to RMB682.5 million. The increase was mainly due to net profit of RMB7.5 million, partly offset by other comprehensive expenses of RMB2.5 million for Q1 FY2018.

REVIEW OF CASH FLOW STATEMENT**Q1 FY2018 vs Q1 FY2017**

The Group reported a net increase in cash and cash equivalents amounting to RMB16.0 million in Q1 FY2018 mainly due to:

- a) Net cash used in operating activities in Q1 FY2018 of RMB6.8 million resulted mainly from operating profit before working capital changes, increase in inventories and operating receivables, partly offset by increase in operating payables;
- b) Net cash used in investing activities of RMB1.2 million mainly from purchases of motor vehicles; and
- c) Net cash generated from financing activities of RMB24.0 million mainly from net proceeds of bank borrowings and advances from a director, partly offset by net repayment to finance lease creditors, repayment to related parties and higher restricted bank balances.

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

NA.

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

China's economy expanded 6.9 percent year-on-year in the second quarter of 2017, the same pace as in the previous period. Growth remained at its strongest level since the third quarter of 2015 as industrial output, retail sales and fixed-asset investment remained strong. However, the economic growth may cool in coming months as government crack-down on financial risks raising borrowing costs for businesses.

Rapid property price rises in some of the biggest cities fanned concerns of overheating and prompted a few local governments to cool sales by tightening property transfer restrictions. In smaller cities, a large number of unsold new properties continued to hit sales and prices forcing local authorities to explore new ways to increase sales. As such, domestic demand for construction machinery and equipment including towercranes for residential property market continues to remain muted.

While property sector slowed, infrastructure investment is picking up on the back of regional development initiatives outlined by the 13th Five-Year Plan and the Xiongan economic zone. China pouring of funds into infrastructure has fueled demand for buildings material, from cements to steel and all others. Nevertheless, the Group remains cautious in view of the rising business cost.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for the Q1 FY2018.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend has been declared or recommended for the Q1 FY2017.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 3 months ended 30 Jun 2017 (Q1 FY2018) RMB'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 3 months ended 30 Jun 2016 (Q1 FY2017) RMB'000
Sales to related parties		
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	-	4,062
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	9,982
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	975	-
Purchases from related parties		
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	-	1,111

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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

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

Revenue	PRC RMB'000	Asia (outside the PRC) RMB'000	USA & Europe RMB'000	Middle East & Others RMB'000	Consolidated RMB'000
FY2018					
- Q1	71,370	61,633	6,468	13,694	153,165
FY2017					
- Q1	78,994	65,106	4,803	5,739	154,642

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

See Paragraph 8.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

- 20. Negative Assurance Confirmation on Third Quarter Financial Results Pursuant to Rule 705(5) of the Listing Manual**

We, the Executive Directors of Yongmao Holdings Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim unaudited financial statements for the three months ended 30 June 2017 to be false or misleading in any material aspect.

Sun Zhao Lin
Executive Director

Tian Ruo Nan
Executive Director

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
4 August 2017