

**YONGMAO HOLDINGS LIMITED**  
**(Company Registration No.200510649K)**

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2017. These figures have not been audited.

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2017 (Q2 FY2018)	3 months ended 30 Sep 2016 (Q2 FY2017)	Increase/ (Decrease)	6 months ended 30 Sep 2017 (1H FY2018)	6 months ended 30 Sep 2016 (1H FY2017)	Increase/ (Decrease)
<b>Revenue</b>	173,148	184,518	(6.2)	326,313	339,160	(3.8)
Cost of sales	(114,176)	(118,386)	(3.6)	(222,707)	(221,278)	0.6
<b>Gross profit</b>	<b>58,972</b>	<b>66,132</b>	<b>(10.8)</b>	<b>103,606</b>	<b>117,882</b>	<b>(12.1)</b>
Other income	1,220	2,133	(42.8)	1,645	2,847	(42.2)
Distribution costs	(13,349)	(15,077)	(11.5)	(25,644)	(29,546)	(13.2)
Administrative expenses	(19,407)	(22,401)	(13.4)	(38,830)	(41,873)	(7.3)
Other operating expenses	(3,652)	(4,902)	(25.5)	(4,615)	(6,011)	(23.2)
Finance costs	(4,461)	(4,594)	(2.9)	(8,103)	(9,225)	(12.2)
<b>Total operating expenses</b>	<b>(40,869)</b>	<b>(46,974)</b>	<b>(13.0)</b>	<b>(77,192)</b>	<b>(86,655)</b>	<b>(10.9)</b>
<b>Profit before taxation</b>	<b>19,323</b>	<b>21,291</b>	<b>(9.2)</b>	<b>28,059</b>	<b>34,074</b>	<b>(17.7)</b>
Taxation	(4,552)	(5,373)	(15.3)	(5,818)	(8,065)	(27.9)
<b>Net profit for the period</b>	<b>14,771</b>	<b>15,918</b>	<b>(7.2)</b>	<b>22,241</b>	<b>26,009</b>	<b>(14.5)</b>
<b>Attributable to:</b>						
Equity holders of the Company	15,898	14,011	13.5	22,600	22,022	2.6
Non-controlling interests	(1,127)	1,907	NM	(359)	3,987	NM
<b>Net profit for the period</b>	<b>14,771</b>	<b>15,918</b>	<b>(7.2)</b>	<b>22,241</b>	<b>26,009</b>	<b>(14.5)</b>

NM: Not Meaningful

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2017 (Q2 FY2018)	3 months ended 30 Sep 2016 (Q2 FY2017)	Increase/ (Decrease)	6 months ended 30 Sep 2017 (1H FY2018)	6 months ended 30 Sep 2016 (1H FY2017)	Increase/ (Decrease)
<b>Net profit for the period</b>	14,771	15,918	(7.2)	22,241	26,009	(14.5)
<b>Other comprehensive (expense)/income:</b>						
Item that may be reclassified subsequently to profit or loss:						
Exchange translation difference <sup>1</sup>	(2,619)	311	NM	(5,106)	3,024	NM
Other comprehensive (expense)/income of the period, net of tax	(2,619)	311	NM	(5,106)	3,024	NM
<b>Total comprehensive income for the period</b>	12,152	16,229	(25.1)	17,135	29,033	(41.0)
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	14,286	14,159	0.9	19,464	23,907	(18.6)
Non-controlling interests	(2,134)	2,070	NM	(2,329)	5,126	NM
<b>Total comprehensive income for the period</b>	12,152	16,229	(25.1)	17,135	29,033	(41.0)

## Notes to Group statement of profit or loss:

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2017 (Q2 FY2018)	3 months ended 30 Sep 2016 (Q2 FY2017)	Increase/ (Decrease)	6 months ended 30 Sep 2017 (1H FY2018)	6 months ended 30 Sep 2016 (1H FY2017)	Increase/ (Decrease)
<b>Other income</b>						
Amortisation of deferred capital grants	57	57	-	114	114	-
Gain on disposal of property, plant and equipment	147	3	4,800.0	147	3	4,800.0
Interest income <sup>2</sup>	621	174	256.9	838	430	94.9
Compensation income <sup>3</sup>	-	1,643	(100.0)	-	1,902	(100.0)
Others	395	256	54.3	546	398	37.2
	1,220	2,133	(42.8)	1,645	2,847	(42.2)
<b>Other operating expenses</b>						
Allowance for impairment of trade receivables <sup>4</sup>	2,231	3,964	(43.7)	2,231	3,964	(43.7)
Exchange loss <sup>5</sup>	1,145	372	207.8	1,511	947	59.6
Bank charges	227	311	(27.0)	803	806	(0.4)
Property, plant and equipment written off	-	-	-	-	4	(100.0)
Donations	-	100	(100.0)	-	100	(100.0)
Others	49	155	(68.4)	70	190	(63.2)
	3,652	4,902	(25.5)	4,615	6,011	(23.2)

NM: Not Meaningful

**Notes to other profit or loss items**

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

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2017 (Q2 FY2018)	3 months ended 30 Sep 2016 (Q2 FY2017)	Increase/ (Decrease)	6 months ended 30 Sep 2017 (1H FY2018)	6 months ended 30 Sep 2016 (1H FY2017)	Increase/ (Decrease)
Amortisation of intangibles assets	25	25	-	50	50	-
Depreciation of property, plant and equipment	13,588	13,945	(2.6)	27,121	27,699	(2.1)
Gain on disposal of property, plant and equipment, net	(147)	(3)	4,800.0	(147)	(3)	4,800.0
Interest expense	4,461	4,594	(2.9)	8,103	9,225	(12.2)
Operating lease rentals	2,013	2,070	(2.8)	4,061	4,123	(1.5)
Inventory write-down <sup>6</sup>	-	1,000	(100.0)	-	1,000	(100.0)

**Note:**

1. Loss on exchange translation arose mainly from translation of the net assets of our Singapore subsidiaries and Hong Kong subsidiaries. SGD and HKD depreciated 1.0% and 4.1% respectively against RMB as at 30 September 2017 as compared to last financial year end.
2. Mainly interest income from bank security deposit
3. Mainly from customer's compensation income received by court orders resulted from breach of contract.
4. See Paragraph 8 – Operating expense.
5. See Paragraph 8 – Operating expense.
6. Mainly provision for inventory obsolescence that decline in value arising from technological changes. The provision for inventory obsolescence is included in "cost of sales".

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

	Group		Company	
	30 Sep 2017 RMB'000	31 Mar 2017 RMB'000	30 Sep 2017 RMB'000	31 Mar 2017 RMB'000
<b>ASSETS</b>				
<b>Non-current</b>				
Property, plant and equipment	446,349	467,201	-	-
Intangible assets	-	50	-	-
Subsidiaries	-	-	344,363	344,363
Available-for-sale financial assets	93,067	93,067	93,067	93,067
Trade and other receivables	633	743	-	-
Deferred costs	9,453	4,090	-	-
Deferred tax assets	15,212	15,518	-	-
	<u>564,714</u>	<u>580,669</u>	<u>437,430</u>	<u>437,430</u>
<b>Current</b>				
Inventories	306,838	317,649	-	-
Trade and other receivables	361,469	292,136	93	189
Deferred costs	9,463	8,335	-	-
Amounts owing by subsidiaries	-	-	33,225	42,157
Amounts owing by related parties	83,129	83,081	-	-
Amount owing by a corporate shareholder of a subsidiary	543	434	-	-
Cash and cash equivalents	116,661	148,453	1,446	643
	<u>878,103</u>	<u>850,088</u>	<u>34,764</u>	<u>42,989</u>
<b>TOTAL ASSETS</b>	<u>1,442,817</u>	<u>1,430,757</u>	<u>472,194</u>	<u>480,419</u>
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	312,484	312,484	312,484	312,484
Reserves	319,656	304,562	150,899	158,594
<b>Equity attributable to equity holders of the Company</b>	<u>632,140</u>	<u>617,046</u>	<u>463,383</u>	<u>471,078</u>
Non-controlling interests	58,170	60,499	-	-
<b>TOTAL EQUITY</b>	<u>690,310</u>	<u>677,545</u>	<u>463,383</u>	<u>471,078</u>
<b>LIABILITIES</b>				
<b>Non-current</b>				
Borrowings	1,267	1,570	-	-
Deferred income	13,338	6,284	-	-
Deferred capital grants	10,114	10,228	-	-
Deferred tax liabilities	20,054	19,883	7,238	6,559
Trade and other payables	22,508	23,098	-	-
	<u>67,281</u>	<u>61,063</u>	<u>7,238</u>	<u>6,559</u>
<b>Current</b>				
Trade and other payables	369,071	365,246	1,481	2,680
Borrowings	240,063	256,029	-	-
Deferred income	13,695	11,829	-	-
Deferred capital grants	229	229	-	-
Amounts owing to/advances from related parties	28,504	31,345	80	80
Amounts owing to a corporate shareholder of a subsidiary	27,962	25,489	-	-
Current tax payable	5,702	1,982	12	22
	<u>685,226</u>	<u>692,149</u>	<u>1,573</u>	<u>2,782</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,442,817</u>	<u>1,430,757</u>	<u>472,194</u>	<u>480,419</u>

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

	As at 30 Sep 2017		As at 31 Mar 2017	
	Secured <sup>(1)</sup>	Unsecured <sup>(2)</sup>	Secured <sup>(1)</sup>	Unsecured <sup>(2)</sup>
	RMB'000	RMB'000	RMB'000	RMB'000
Amount repayable in one year or less, or on demand	240,063	36,595	256,029	33,505
Amount repayable after one year	1,267	-	1,570	-
	241,330	36,595	257,599	33,505

**Details of any collaterals**

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

	30 Sep 2017	31 Mar 2017	Description
	RMB'000	RMB'000	
<b>Bank borrowings</b>			
a)	50,000	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)	26,378	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	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by bank deposits.
	176,378	187,194	
<b>Short-term trade financing</b>			
a)	32,900	25,000	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by certain trade receivables from related party.
	32,900	25,000	
<b>Finance lease obligations</b>			
a)	2,664	2,933	In respect of motor vehicles and office equipment acquired under finance leases.
b)	29,388	42,472	In respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.
	32,052	45,405	
	241,330	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.
- RMB10.6million (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.
- RMB7.6 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 (Second Quarter)		Group (First Half)	
	RMB'000		RMB'000	
	3 months ended 30 Sep 2017 (Q2 FY2018)	3 months ended 30 Sep 2016 (Q2 FY2017)	6 months ended 30 Sep 2017 (1H FY2018)	6 months ended 30 Sep 2016 (1H FY2017)
<b>Cash flows from operating activities</b>				
Profit before taxation	19,323	21,291	28,059	34,074
Adjustments for:				
Amortisation of deferred capital grants	(57)	(57)	(114)	(114)
Amortisation of intangible assets	25	25	50	50
Depreciation of property, plant and equipment	13,588	13,945	27,121	27,699
Gain on disposal of property, plant and equipment	(147)	(3)	(147)	(3)
Property, plant and equipment written off	-	-	-	4
Inventories write-down	-	1,000	-	1,000
Interest expense	4,461	4,594	8,103	9,225
Interest income	(621)	(174)	(838)	(430)
Exchange translation difference	(1,345)	629	(1,909)	2,756
<b>Operating profit before working capital changes</b>	<b>35,227</b>	<b>41,250</b>	<b>60,325</b>	<b>74,261</b>
Decrease/(Increase) in inventories <sup>1</sup>	13,017	(16,194)	(138)	(43,607)
(Increase)/Decrease in deferred costs	(6,419)	2,689	(6,491)	5,701
(Increase)/Decrease in operating receivables	(46,759)	10,448	(72,188)	(1,486)
(Decrease)/Increase in operating payables	(8,610)	(11,948)	2,409	60,934
Increase/(Decrease) in deferred income	9,235	(3,775)	8,920	(7,935)
<b>Cash (used in)/generated from operations</b>	<b>(4,309)</b>	<b>22,470</b>	<b>(7,163)</b>	<b>87,868</b>
Interest paid	(4,363)	(4,322)	(8,122)	(8,887)
Tax paid	(872)	(1,092)	(1,025)	(2,343)
<b>Net cash (used in)/generated from operating activities</b>	<b>(9,544)</b>	<b>17,056</b>	<b>(16,310)</b>	<b>76,638</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(445)	(757)	(1,838)	(2,262)
Proceeds from disposal of property, plant and equipment	147	3	147	3
Receipt from corporate shareholder of a subsidiary	-	-	10	-
Interest received	1,109	52	1,326	162
<b>Net cash generated from/(used in) investing activities</b>	<b>811</b>	<b>(702)</b>	<b>(355)</b>	<b>(2,097)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	108,896	70,118	155,194	95,704
Repayment of borrowings	(105,271)	(96,840)	(156,010)	(216,874)
Repayment of finance lease liabilities	(5,281)	(7,745)	(12,009)	(14,656)
Restricted bank balances	7,231	(5,025)	36,783	27,153
(Repayment)/Advances to related parties	(500)	(15,849)	(1,410)	(1,149)
(Repayment)/Advances from a director	(2,000)	-	4,500	-
Dividends paid to non-controlling interests	-	-	-	(694)
Dividends paid to equity holders of the Company	(4,370)	-	(4,370)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,295)</b>	<b>(55,341)</b>	<b>22,678</b>	<b>(110,516)</b>
Net (decrease)/increase in cash and cash equivalents	(10,028)	(38,987)	6,013	(35,975)
Cash and cash equivalents at beginning of period	69,475	85,047	53,938	81,258
Exchange adjustments	(518)	(54)	(1,022)	723
<b>Cash and cash equivalents at end of period</b>	<b>58,929</b>	<b>46,006</b>	<b>58,929</b>	<b>46,006</b>

Note:

- Included in decrease/(increase) in inventories for Q2 FY2018 of RMB23.8 million (Q2 FY2017 : RMB4.3 million) and 1H FY2018 of RMB32.0 million (1H FY2017 : RMB21.8 million) respectively, were towercranes and towercrane components and accessories that were self-constructed which were held for rental purposes and have been presented under operating activities in accordance with FRS 7.

**Analysis of cash and cash equivalents**

	Group	
	RMB'000 30 Sep 2017	RMB'000 30 Sep 2016
Cash on hand	169	211
Bank balances	116,492	103,420
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	116,661	103,631
Restricted bank balances	(57,732)	(57,625)
	<hr/>	<hr/>
	58,929	46,006

**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
<b>Current year:</b>									
<b>Balance as at 1 Apr 2017</b>	312,484	(26,769)	59,251	14,392	250,948	6,740	617,046	60,499	677,545
Total comprehensive income/(expense) for the period	-	-	-	-	6,702	(1,524)	5,178	(195)	4,983
Transfer from statutory common reserve	-	-	392	-	(392)	-	-	-	-
<b>Balance as at 30 Jun 2017</b>	312,484	(26,769)	59,643	14,392	257,258	5,216	622,224	60,304	682,528
Total comprehensive income/(expense) for the period	-	-	-	-	15,898	(1,612)	14,286	(2,134)	12,152
Transfer from statutory common reserve	-	-	1,349	-	(1,349)	-	-	-	-
Dividends	-	-	-	-	(4,370)	-	(4,370)	-	(4,370)
<b>Balance as at 30 Sep 2017</b>	312,484	(26,769)	60,992	14,392	267,437	3,604	632,140	58,170	690,310

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

Company	Share capital	Fair value reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current year:</b>				
<b>Balance as at 1 Apr 2017</b>	312,484	14,392	144,202	471,078
Total comprehensive expense for the period	-	-	(1,663)	(1,663)
<b>Balance as at 30 Jun 2017</b>	312,484	14,392	142,539	469,415
Total comprehensive expense for the period	-	-	(1,662)	(1,662)
Dividends	-	-	(4,370)	(4,370)
<b>Balance as at 30 Sep 2017</b>	312,484	14,392	136,507	463,383

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



- 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 Q2 FY2018 or Q2 FY2017.

There was no outstanding convertible, treasury share or subsidiary holdings as at 30 September 2017 (30 September 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 September 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 September 2017 (30 September 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 September 2017 (30 September 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.

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

Please refer to Paragraph 4 above.

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

	Group (Second Quarter)		Group (First Half)	
	RMB'000		RMB'000	
	3 months ended 30 Sep 2017 (Q2 FY2018)	3 months ended 30 Sep 2016 (Q2 FY2017)	6 months ended 30 Sep 2017 (First Half FY2018)	6 months ended 30 Sep 2016 (First half FY2017)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	15,898	14,011	22,600	22,022
Weighted average no. of shares used in computation of basic earning per shares	88,749,997	88,749,997	88,749,997	88,749,997
Earnings per share (in cents RMB)				
(a) Based on weighted average number of ordinary shares on issue	17.91	15.79	25.46	24.81
(b) On a fully diluted basis	17.91	15.79	25.46	24.81

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 Sep 2017	31 Mar 2017	30 Sep 2017	31 Mar 2017
Net asset value per ordinary share (RMB cents)	712.27	695.26	522.12	530.79

Net asset value per share for the Group and the Company for 30 September 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**

### **Second Quarter FY2018 ("Q2 FY2018") vs Second Quarter FY2017 ("Q2 FY2017")**

#### **Revenue**

Group revenue decreased 6.2% to RMB173.1 million in Q2 FY2018 as compared to RMB184.5 million in Q2 FY2017. The decrease resulted mainly from lower services income of RMB6.8 million, lower sales in towercranes of RMB5.7 million and lower sales of components and accessories of RMB1.1 million, partly offset by higher rental income of RMB2.2 million. Decrease in service income mainly due to decrease in Hong Kong and Macau operations as a result of weaker demand.

Towercranes revenue in the PRC has seen a decrease partly mitigated by the Company engaging into more leasing activities for mega-sized towercranes in lieu of outright sales. This explained the lower sales in towercranes and the higher rental income reported in Q2 FY2018. Consequently, sales in PRC decreased 20.9% from RMB105.5 million in Q2 FY2017 to RMB83.5 million in Q2 FY2018.

The decrease was offset by the increase in Middle East & others and USA & Europe which grew by RMB11.4 million and RMB1.6 million respectively due to higher demand of towercranes especially in Finland and Israel. Asia (outside the PRC) marginally dropped by RMB2.4 million. Nevertheless, PRC sales still made the largest turnover contribution to the Group, amounting to 48.2% of revenue in Q2 FY2018 as compared to 57.2% of revenue in Q2 FY2017.

#### **Gross profit and gross profit margin**

Gross profit decreased 10.8% to RMB59.0 million in Q2 FY2018 from RMB66.1 million in Q2 FY2017. The decrease was mainly due to lower revenue and lower margin in Q2 FY2018.

Average gross profit margin decreased to 34.1% in Q2 FY2018 from 35.8% in Q2 FY2017. The decrease was mainly attributable to lesser sales of luffing series towercranes which generates higher gross margin, offset by higher margin from rental and service income.

#### **Other income**

Other income decreased to RMB1.2 million in Q2 FY2018 as compared to RMB2.1 million in Q2 FY2017 was mainly due to compensation income from customers of RMB1.6 million in Q2 FY2017.

#### **Operating expenses**

Total operating expenses decreased 13.0% to RMB40.9 million in Q2 FY2018 as compared to RMB47.0 million in Q2 FY2017.

Distribution costs decreased 11.5% to RMB13.3 million in Q2 FY2018 as compared to RMB15.1 million in Q2 FY2017 mainly due to lower sales of towercranes in Q2 FY2018 and exhibition expenses incurred for the participation in the bi-annual Bauma 2016 exhibition in Q2 FY2017.

Administrative expenses decreased 13.4% to RMB19.4 million in Q2 FY2018 as compared to RMB22.4 million in Q2 FY2017 largely due to lower bonus provision and lower depreciation cost.

Other operating expenses decreased to RMB3.7 million in Q2 FY2018 from RMB4.9 million in Q2 FY2017. A lower provision for doubtful debts of RMB2.2 million was provided in Q2 FY2018 as compared to RMB4.0 million provision made in Q2 FY2017. Provision for doubtful debts in Q2 FY2018 was made for a Beijing construction company which was long outstanding for more than three years. The decrease was partly offset by higher exchange losses of RMB1.1 million in Q2 FY2018 as compared to RMB0.4 million in Q2 FY2017.

The exchange loss arose mainly from:

- a) the weakening of Singapore Dollars ("SGD") and Hong Kong Dollars ("HKD") against Chinese Yuan ("RMB") due to net RMB liabilities in the Singapore subsidiary's book and Hong Kong subsidiary's book; and
- b) the weakening of HKD against RMB and SGD due to net HKD assets in the Company's book and the Singapore subsidiary's book.

In line with the lower average borrowing, finance costs slightly decreased 2.9% to RMB4.5 million in Q2 FY2018 as compared to RMB4.6 million in Q2 FY2017.

**Taxation**

Income tax expense decreased to RMB4.6 million in Q2 FY2018 as compared to RMB5.4 million in Q2 FY2017 in line with lower profit for the financial period.

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

The Group recorded a lower profit before taxation of RMB19.3 million in Q2 FY2018 as compared to RMB21.3 million in Q2 FY2017 was mainly due to lower revenue and lower gross profit, partly offset by lower operating expenses.

Net profit attributable to equity holders of the Company increased to RMB15.9 million in Q2 FY2018 as compared to RMB14.0 million in Q2 FY2017. This was mainly due to net loss attributable to non-controlling interests of RMB1.1 million in Q2 FY2018 as compared to a profit attributable to non-controlling interest of RMB1.9 million in Q2 FY2017.

**First Half FY2018 ("1H FY2018") vs First Half FY2017 ("1H FY2017")****Revenue**

Group revenue slightly decreased 3.8% to RMB326.3 million in 1H FY2018, as compared to RMB339.2 million in 1H FY2017. The decrease resulted mainly from lower services income of RMB10.2 million and lower sales in components and accessories of RMB7.1 million, partly offset by higher rental income of RMB2.3 million and higher towercranes sales of RMB2.1 million. Decrease in service income mainly due to decrease in Hong Kong and Macau operations as a result of weaker demand.

Revenue in PRC has decreased to RMB154.9 million in 1H FY2018 as compared to RMB184.5 million in 1H FY2017. Towercranes revenue in the PRC has seen a decrease partly mitigated by the Company engaging into more leasing activities for mega-sized towercranes in lieu of outright sales. This explained the higher rental income reported in 1H FY2018.

The decrease was offset by the increase in Middle East & others and USA & Europe which grew by RMB19.3 million and RMB3.3 million respectively due to higher demand of towercranes especially in Finland and Israel. Asia (outside the PRC) dropped by RMB5.8 million from RMB131.6 million in 1H FY2017 to RMB125.8 in 1H FY2018. Nevertheless, PRC sales still made the largest turnover contribution to the Group, amounting to 47.5% of revenue in 1H FY2018 as compared to 54.4% of revenue in 1H FY2017.

**Gross profit and gross profit margin**

Gross profit decreased 12.1% to RMB103.6 million in 1H FY2018 from RMB117.9 million in 1H FY2017. The decrease was due to both lower revenue and lower margin in 1H FY2018.

Average gross profit margin decreased to 31.8% in 1H FY2018 from 34.8% in 1H FY2017. The decrease was mainly attributable to lesser sales of luffing series towercranes as well as lesser sales of large and mega sized towercranes which generates higher gross margin. The decrease was also due to lower margin from service income in Macau as more dismantling services was provided in 1H FY2017. However, there were no such services in 1H FY2018.

**Other income**

Other income decreased to RMB1.6 million in 1H FY2018 as compared to RMB2.8 million in 1H FY2017 was mainly due to compensation income from customers of RMB1.6 million in 1H FY2017.

**Operating expenses**

Total operating expenses decreased 10.9% to RMB77.2 million in 1H FY2018 as compared to RMB86.7 million in 1H FY2017.

Distribution costs decreased 13.2% to RMB25.6 million in 1H FY2018 as compared to RMB29.5 million in 1H FY2017 mainly due to lower sales of large and mega sized towercranes in 1H FY2018 and exhibition expenses for the participation in the bi-annual Bauma 2016 exhibition in 1H FY2017.

Administrative expenses decreased 7.3% to RMB38.8 million in 1H FY2018 as compared to RMB41.9 million in 1H FY2017 largely due to lower bonus provision and lower depreciation.

Other operating expenses decreased to RMB4.6 million in 1H FY2018 from RMB6.0 million in 1H FY2017. A lower provision for doubtful debts of RMB2.2 million was provided in 1H FY2018 as compared to RMB4.0 million provision made in 1H FY2017. Provision for doubtful debts in 1H FY2018 was made for a Beijing construction company which was long outstanding for more than three years. The decrease was partly offset by higher exchange losses of RMB1.5 million in 1H FY2018 as compared to RMB0.9 million in 1H FY2017.

The exchange loss arose mainly from:

- a) the weakening of SGD and HKD against RMB due to net RMB liabilities in the Singapore subsidiary's book and Hong Kong subsidiary's book; and
- b) the weakening of HKD against RMB and SGD due to net HKD assets in the Company's book and the Singapore subsidiary's book.

In line with the lower average borrowing, finance costs decreased 12.2% to RMB8.1 million in 1H FY2018 as compared to RMB9.2 million in 1H FY2017.

### **Taxation**

Income tax expense decreased to RMB5.8 million in 1H FY2018 as compared to RMB8.0 million in 1H FY2017 in line with lower profit for the financial period.

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

The Group reported a lower profit before taxation of RMB28.1 million in 1H FY2018 as compared to RMB34.1 million in 1H FY2017 was mainly due to lower revenue and lower gross profit, partly offset by lower operating expenses.

Net profit attributable to equity holders of the Company increased to RMB22.6 million in 1H FY2018 as compared to RMB22.0 million in 1H FY2017. This was mainly due to lower profits attributable to non-controlling interests and lower tax expense, partly offset by lower profit before taxation.

## **REVIEW OF FINANCIAL POSITION OF THE GROUP**

### **Non-current Assets**

Non-current assets decreased by RMB16.0 million to RMB564.7 million as at 30 September 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 RMB28.0 million to RMB878.1 million as at 30 September 2017 mainly due to higher trade and other receivables and deferred cost. This was partly offset by lower inventory and cash and cash equivalents.

Inventories decreased by RMB10.8 million to RMB306.8 million to RMB317.6 million as at 30 September 2017. Higher inventory level are normally maintained for first half of the year due to the seasonal cycle of demand.

Trade and other receivables increased by RMB69.3 million to RMB361.5 million as at 30 September 2017 due to timing of sales and slower collections in the PRC.

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 RMB6.2 million to RMB67.3 million as at 30 September 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 decreased by RMB6.9 million to RMB685.2 million as at 30 September 2017 mainly due to repayment of borrowings and amount owing to/advances from related parties, partly offset by higher trade and other payables and amount owing to a corporate shareholder of a subsidiary.

Trade and other payables increased by RMB3.8 million mainly due to higher advances from customers.

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

Deferred income included RMB27.0 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 increase in deferred income, from RMB18.1 million as at 31 March 2017, was mainly due to the increase in such deferred sales partly offset by repayment by customers to financial institutions.

### **Total Equity**

As at 30 September 2017, the Group's total equity amounted to RMB690.3 million. The increase was mainly due to net profit of RMB22.2 million, partly offset by dividends paid in Q2 FY2018 and other comprehensive expense of RMB5.1 million for 1H FY2018.

## REVIEW OF CASH FLOW STATEMENT

### Q2 FY2018 vs Q2 FY2017

The Group reported a net decrease in cash and cash equivalents amounting to RMB10.0 million in Q2 FY2018 mainly due to:

- a) Net cash used in operating activities in Q2 FY2018 of RMB9.5 million resulted mainly from increase in operating receivables, increase in deferred cost and decrease in operating payables, partly offset by operating profit before working capital changes, decrease in inventory and increase in deferred income;
- b) Net cash generated from investing activities of RMB0.8 million mainly from interest received offset by purchases of machinery; and
- c) Net cash used in financing activities of RMB1.3 million mainly from dividend paid to shareholders of the Company, repayment to a director and net repayment of bank borrowings and finance lease creditors, partly offset by lower restricted bank balances.

### 1H FY2018 vs 1H FY2017

The Group reported a net increase in cash and cash equivalents amounting to RMB6.0 million in 1H FY2018 mainly due to:

- a) Net cash used in operating activities in 1H FY2018 of RMB16.3 million resulted mainly from increase in operating receivables and increase in deferred cost, partly offset by operating profit before working capital changes, increase in operating payables and increase in deferred income;
- b) Net cash used in investing activities of RMB0.4 million mainly from purchases of machinery and motor vehicles, partly offset by interest received; and
- c) Net cash generated from financing activities of RMB22.7 million mainly from lower restricted bank balances and advances from a director, offset by net repayment of bank borrowings and finance lease creditors, repayment to related parties and dividend paid to shareholders of the Company.

### **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 6.8 percent year-on-year in the third quarter of 2017, a tad lower than the second quarter's 6.9 percent expansion. Growth remained steady and positive as industrial output, retail sales and fixed-asset investment remained strong. The economic growth is also bolstered by global recovery where exports have been quite buoyant versus last year. However, the economic growth may cool in coming months as government crack-down on financial risks thereby 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 13<sup>th</sup> 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 Q2 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 Q2 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.****Interested Persons Transactions**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 6 months ended 30 Sep 2017 (1H 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) 6 months ended 30 Sep 2017 (1H FY2018) RMB'000
<b>Sales to related parties</b>		
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	-	10,023
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	11,926
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	2,190	-
<b>Purchases from related parties</b>		
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	Middle East & Others RMB'000	Asia (outside the PRC) RMB'000	USA & Europe RMB'000	PRC RMB'000	Consolidated RMB'000
<b>FY2018</b>					
- Q2	15,777	64,146	9,743	83,482	173,148
- 1H	29,471	125,779	16,211	154,852	326,313
<b>FY2017</b>					
Q2	4,401	66,503	8,118	105,496	184,518
1H	10,140	131,609	12,921	184,490	339,160

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

See Paragraph 8.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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



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

We, the Executive Directors of Yongmao Holdings Limited (“the Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim unaudited financial statements for the three months ended 30 September 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  
14 November 2017