

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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 2019. These figures have not been audited.

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2019 (Q1 FY2020)	3 months ended 30 Jun 2018 (Q1 FY2019)	Increase/ (Decrease)
Revenue	311,464	180,469	72.6
Cost of sales	(223,951)	(137,446)	62.9
Gross profit	87,513	43,023	103.4
Other income	1,565	1,791	(12.6)
Distribution costs	(24,624)	(15,289)	61.1
Administrative expenses	(20,867)	(18,839)	10.8
Other operating expenses	(5,868)	1,962	NM
Finance costs	(4,725)	(4,415)	7.0
Total operating expenses	(56,084)	(36,581)	53.3
Profit before taxation	32,994	8,233	300.8
Taxation	(7,442)	(2,278)	226.7
Net profit for the period	25,552	5,955	329.1
Attributable to:			
Equity holders of the Company	28,287	8,038	251.9
Non-controlling interests	(2,735)	(2,083)	31.3
Net profit for the period	25,552	5,955	329.1

NM: Not Meaningful

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2019 (Q1 FY2020)	3 months ended 30 Jun 2018 (Q1 FY2019)	Increase/ (Decrease)
Net profit for the period	25,552	5,955	329.1
Other comprehensive income:			
Item that may be reclassified subsequently to profit of loss:			
Exchange translation difference ¹	4,594	6,209	(26.0)
Other comprehensive income of the period, net of tax	4,594	6,209	(26.0)
Total comprehensive income for the period	30,146	12,164	147.8
Total comprehensive income attributable to:			
Equity holders of the Company	31,482	11,880	165.0
Non-controlling interests	(1,336)	284	NM
Total comprehensive income for the period	30,146	12,164	147.8

Notes to Group statement of profit or loss:

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2019 (Q1 FY2020)	3 months ended 30 Jun 2018 (Q1 FY2019)	Increase/ (Decrease)
Other income			
Amortisation of deferred capital grants	57	57	-
Compensation income ²	-	552	(100.0)
Gain on disposal of property, plant and equipment	100	31	222.6
Interest income ³	574	46	1,147.8
Rental income ³	734	905	(18.9)
Others	100	200	(50.0)
	1,565	1,791	(12.6)
Other operating expenses			
Bank charges	339	173	96.0
Exchange gain ⁴	(2,630)	(2,166)	21.4
Provision for employee compensation on relocation ⁵	8,157	-	NM
Others	2	31	(93.5)
	5,868	(1,962)	NM

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 2019 (Q1 FY2020)	3 months ended 30 Jun 2018 (Q1 FY2019)	Increase/ (Decrease)
Amortisation of lease prepayments	110	110	-
Depreciation of right-of-use assets ⁶	1,259	-	NM
Depreciation of property, plant and equipment	13,321	12,635	5.4
Interest expense	4,725	4,415	7.0
Operating lease rentals ⁶	1,657	3,230	(48.7)

Note:

1. Gain on exchange translation arose from translation of the net assets of our Hong Kong subsidiaries and Singapore subsidiaries. HKD and SGD appreciated 3.0% and 2.5% respectively against RMB as at 30 June 2019 as compared to last financial year end.
2. Mainly compensation income received from sub-contractors resulted from non-conformance in quality for goods delivered and compensation from customers by court order.
3. See Paragraph 8 – Other income.
4. See Paragraph 8 – Operating expense.
5. Provision for employee compensation on relocation of Beijing's manufacturing plant exercise.
6. The adoption of SFRS(I) 16 Leases resulted certain leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognised. The right-to-use assets are subsequently depreciated and charged to income statement. Please refer to para 5 for more details.

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 2019	31 Mar 2019	30 Jun 2019	31 Mar 2019
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	388,957	407,218	-	-
Lease repayment	18,876	18,986	-	-
Right-of-use assets ¹	12,691	-	-	-
Subsidiaries	-	-	344,363	344,363
Financial assets, at FVOCI	118,845	118,845	118,845	118,845
Trade and other receivables	212	225	-	-
Deferred tax assets	20,018	17,996	-	-
	<u>559,599</u>	<u>563,270</u>	<u>463,208</u>	<u>463,208</u>
Current				
Inventories	365,826	358,641	-	-
Trade and other receivables	490,705	455,030	159	229
Amounts owing by subsidiaries	-	-	35,314	34,387
Amounts owing by related parties	105,844	89,199	-	-
Amount owing by a corporate shareholder of a subsidiary	4,813	3,345	-	-
Cash and cash equivalents	168,925	193,651	2,756	2,558
	<u>1,136,113</u>	<u>1,099,866</u>	<u>38,229</u>	<u>37,174</u>
TOTAL ASSETS	<u>1,695,712</u>	<u>1,663,136</u>	<u>501,437</u>	<u>500,382</u>
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	444,540	413,058	171,411	172,616
Equity attributable to equity holders of the Company	<u>757,024</u>	<u>725,542</u>	<u>483,895</u>	<u>485,100</u>
Non-controlling interests	55,665	57,001	-	-
TOTAL EQUITY	<u>812,689</u>	<u>782,543</u>	<u>483,895</u>	<u>485,100</u>
LIABILITIES				
Non-current				
Borrowings	675	708	-	-
Lease liability ¹	8,058	-	-	-
Deferred capital grants	9,714	9,771	-	-
Deferred tax liabilities	23,435	22,412	9,988	9,343
Trade and other payables	17,804	18,434	-	-
	<u>59,686</u>	<u>51,325</u>	<u>9,988</u>	<u>9,343</u>
Current				
Trade and other payables	505,295	506,621	3,509	4,927
Borrowings	235,371	251,895	-	-
Lease liability ¹	4,750	-	-	-
Deferred capital grants	229	229	-	-
Amounts owing to a subsidiary	-	-	4,027	994
Amounts owing to/advances from related parties	22,396	23,969	-	-
Amounts owing to a corporate shareholder of a subsidiary	35,364	34,325	-	-
Current tax payable	19,932	12,229	18	18
	<u>823,337</u>	<u>829,268</u>	<u>7,554</u>	<u>5,939</u>
TOTAL LIABILITIES	<u>883,023</u>	<u>880,593</u>	<u>17,542</u>	<u>15,282</u>
TOTAL EQUITY AND LIABILITIES	<u>1,695,712</u>	<u>1,663,136</u>	<u>501,437</u>	<u>500,382</u>

Note:

- The adoption of SFRS(I) 16 Leases resulted certain leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognised. Please refer to para 5 for more details.

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

	As at 30 Jun 2019		As at 31 Mar 2019	
	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	235,371	25,862	251,895	28,662
Amount repayable after one year	675	-	708	-
	236,046	25,862	252,603	28,662

Details of any collaterals

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

	30 Jun 2019	31 Mar 2019	Description
	RMB'000	RMB'000	
Bank borrowings			
a)	73,000	73,000	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)	48,500	49,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao.
c)	30,000	30,000	Granted to Fushun Yongmao, guaranteed by the Company.
d)	10,000	10,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao and certain directors of the Company and secured by bank deposits.
e)	42,000	42,000	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by bank deposits.
	203,500	204,000	
Short-term trade financing			
a)	10,000	24,514	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by certain trade receivables from related party.
	10,000	24,514	
Finance lease obligations			
a)	1,270	1,470	In respect of motor vehicles and office equipment acquired under finance leases.
b)	21,276	22,619	In respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.
	22,546	24,089	
	236,046	252,603	

The above borrowings are for working capital purposes.

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

- RMB18.4 million (31 March 2019 – 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.
- RMB6.3 million (31 March 2019 – RMB8.8 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.
- RMB1.2 million (31 March 2019 – RMB1.5 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 2019 (Q1 FY2020)	3 months ended 30 Jun 2018 (Q1 FY2019)
Cash flows from operating activities		
Profit before taxation	32,994	8,233
Adjustments for:		
Amortisation of deferred capital grants	(57)	(57)
Amortisation of lease prepayments	110	110
Depreciation of property, plant and equipment	13,321	12,635
Depreciation of right-of-use assets ¹	1,259	-
Gain on disposal of property, plant and equipment	(100)	(31)
Interest expense	4,725	4,415
Interest income	(574)	(46)
Exchange translation difference	136	113
Operating profit before working capital changes	51,814	25,372
Decrease/(Increase) in inventories ²	2,802	(38,148)
(Increase)/Decrease in operating receivables	(49,106)	12,844
(Decrease)/Increase in operating payables	(3,265)	29,097
Cash generated from operations	2,245	29,165
Interest paid	(5,161)	(5,024)
Tax paid	(1,285)	(1,928)
Net cash (used in)/generated from operating activities	(4,201)	22,213
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,615)	(817)
Proceeds from disposal of property, plant and equipment	588	1,271
(Repayment to)/Receipt from corporate shareholder of a subsidiary	(21)	-
Interest received	574	46
Net cash (used in)/generated from investing activities	(474)	500
Cash flows from financing activities		
Proceeds from borrowings	50,000	78,000
Repayment of borrowings	(65,014)	(78,021)
Proceeds from finance lease	-	15,344
Repayment of finance lease liabilities	(2,197)	(4,005)
Repayment of lease liabilities ¹	(1,230)	-
Restricted bank balances	848	(21,462)
Repayment to related parties	(2,500)	(1,441)
Repayment to a director	(300)	-
Net cash used in financing activities	(20,393)	(11,585)
Net (decrease)/increase in cash and cash equivalents	(25,068)	11,128
Cash and cash equivalents at beginning of period	123,849	65,307
Exchange adjustments	1,190	665
Cash and cash equivalents at end of period	99,971	77,100

Note:

- The adoption of SFRS(I) 16 Leases resulted certain leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognised. Please refer to para 5 for more details.
- Included in increase in inventories for Q1 FY2020 of RMB0.4 million (Q1 FY2019 : RMB22.9 million) were tower cranes and tower crane components and accessories that were self-constructed which were held for rental purposes and have been presented under operating activities in accordance with SFRS(I) 1-7 Statement of Cash Flows.

	Group	
	RMB'000	RMB'000
	30 Jun 2019	30 Jun 2018
Analysis of cash and cash equivalents		
Cash on hand	149	99
Bank balances	168,776	165,123
	168,925	165,222
Restricted bank balances	(68,954)	(88,122)
	99,971	77,100

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 2019	312,484	(26,769)	65,570	40,170	329,600	4,487	725,542	57,001	782,543
Total comprehensive income/(expenses) for the period	-	-	-	-	28,287	3,195	31,482	(1,336)	30,146
Transfer to statutory common reserve	-	-	4,036	-	(4,036)	-	-	-	-
Balance as at 30 Jun 2019	312,484	(26,769)	69,606	40,170	353,851	7,682	757,024	55,665	812,689

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 2018	312,484	(26,769)	60,326	9,452	266,111	(836)	620,768	56,617	677,385
Impact of adoption of SFRS(I) 15 on previously reported reserves as at 1 Apr 2018	-	-	-	-	11,613	-	11,613	-	11,613
As Restated at 1 Apr 2018	312,484	(26,769)	60,326	9,452	277,724	(836)	632,381	56,617	688,998
Total comprehensive income for the period	-	-	-	-	8,038	3,842	11,880	284	12,164
Transfer to statutory common reserve	-	-	959	-	(959)	-	-	-	-
Balance as at 30 Jun 2018	312,484	(26,769)	61,285	9,452	284,803	3,006	644,261	56,901	701,162

Company	Share capital RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Current year:				
Balance as at 1 Apr 2019	312,484	40,170	132,446	485,100
Total comprehensive expense for the period	-	-	(1,205)	(1,205)
Balance as at 30 Jun 2019	312,484	40,170	131,241	483,895

Company	Share capital RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Current year:				
Balance as at 1 Apr 2018	312,484	9,452	133,732	455,668
Impact of adoption of SFRS(I) 15 on previously reported reserves as at 1 Apr 2018			(611)	(611)
As restated at 1 April 2018	312,484	9,452	133,121	455,057
Total comprehensive expense for the period	-	-	(668)	(668)
Balance as at 30 Jun 2018	312,484	9,452	132,453	454,389

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 FY2020 or Q1 FY2019.

There was no outstanding convertible, treasury share or subsidiary holdings as at 30 June 2019 (30 June 2018 – 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 2019	31 March 2019
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 2019 (30 June 2018 – 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 2019 (30 June 2018 – 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.

Except as disclosed in paragraph 5 below, the Group and the Company have adopted the same accounting policies and method of computation as the audited financial statements for the financial year ended 31 March 2019.

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.

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The adoption of the SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-to-use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 April 2019. The differences from the balance sheet as previously reported at 31 March 2019 are as follows:

	As at 1 April 2019 reported under SFRS(I) RMB'000
Increase in right-of-use assets	13,580
Increase in lease liabilities (current)	4,557
Increase in lease liabilities (non-current)	9,023

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 30 Jun 2019 (Q1 FY2020)	3 months ended 30 Jun 2018 (Q1 FY2019)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	28,287	8,038
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	31.87	9.06
(b) On a fully diluted basis	31.87	9.06

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 2019	31 Mar 2019	30 Jun 2019	31 Mar 2019
Net asset value per ordinary share (RMB cents)	852.98	817.51	545.23	546.59

Net asset value per share for the Group and the Company for 30 June 2019 and 31 March 2019 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 FY2020 ("Q1 FY2020") vs First Quarter FY2019 ("Q1 FY2019")

Revenue

Group revenue increased by 72.6% to RMB311.5 million in Q1 FY2020 as compared to RMB180.5 million in Q1 FY2019. The increase in revenue was mainly from higher sales of tower cranes by RM128.0 million from RMB134.7 million in Q1 FY2019 to RMB262.7 million in Q1 FY2020. It was mainly driven by the demand for large and mega size tower cranes in Singapore and the demand for medium size tower cranes in the PRC amidst adoption of the Prefabricated Prefinished Volumetric Construction "PPVC" method and the prefabricated construction method respectively.

Sales of components also increased by RMB10.7 million. The increase in revenue was partly offset by lower rental and service income by RMB7.6 million. Decrease in rental & service income was mainly due to decrease in Hong Kong and Macau operations as a result of weaker demand. Rental in the PRC was also lower due to sales of certain leased tower cranes to customers.

All sales region except for the Middles East reported a higher revenue in Q1 FY2020 as compared to Q1 FY2019. Revenue in the PRC increased RMB73.7 million from RMB107.8 million in Q1 FY2019 to RMB181.5 million in Q1 FY2020 resulted mainly from higher demands in medium size tower cranes and sales of leased tower cranes. Asia (outside the PRC) has increased by 123.4% from RMB42.0 million in Q1 FY2019 to RMB93.7 million in Q1 FY2020 mainly due to increase demand for higher lifting capacity tower cranes in adoption of Prefabricated Pre-finished Volumetric Construction (PPVC) method. Revenue in the USA & Europe has also increased by RMB12.3 million. The increase was slightly offset by the decrease in Middle East & Others which was lowered by RMB6.8 million.

Overall, the PRC and Asia (outside the PRC) sales contributed to 58.3% and 30.1% respectively of the Group revenue in Q1 FY2020.

Gross profit and gross profit margin

In line with increase in revenue, gross profit increased by 103.4% to RMB87.5 million in Q1 FY2020 from RMB43.0 million in Q1 FY2019.

Average gross profit margin increased to 28.1% in Q1 FY2020 from 23.8% in Q1 FY2019 which also explained the higher gross margin. The increase was attributable to sales of more large and mega sized tower cranes of higher lifting capacity which generates higher margin.

Other income

Other income decreased by RMB0.2 million to RMB1.6 million in Q1 FY2020 as compared to RMB1.8 million in Q1 FY2019 was mainly due to one-off compensation income of RMB0.6 million from customers by court orders reported in Q1 FY2019 and lower sub-rental of premises income from Hong Kong of RMB0.2 million. The decrease was offset by higher interest income of RMB0.5 million. Interest income mainly derived from deposit placed to secure trade facility.

Operating expenses

Total operating expenses increased 53.3% to RMB56.1 million in Q1 FY2020 as compared to RMB36.6 million in Q1 FY2019.

Distribution costs increased 61.1% to RMB24.6 million in Q1 FY2020 as compared to RMB15.3 million in Q1 FY2019 mainly due to higher freight and transportation charges, higher bonus provision and higher after sales service expenses in line with higher sales.

Administrative expenses increased 10.8% to RMB20.9 million in Q1 FY2020 as compared to RMB18.8 million in Q1 FY2019 mainly due to higher product certification fee for new model of tower cranes and transportation expenses.

Other operating expenses reported a debit balance of RMB5.9 million in Q1 FY2020 from a credit balance of RMB2.0 million in Q1 FY2019. The higher operating expenses in Q1 FY2020 is mainly due to a provision for employee compensation of RMB8.2 million for the relocation of Beijing's manufacturing plant. This is partially offset by exchange gain of RMB2.6 million. The credit balance in Q1 FY2019 was mainly arose from an exchange gain of RMB2.2 million.

The exchange gain for Q1 FY2020 arose mainly from:

- a) the strengthening 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 strengthening of HKD against RMB and SGD due to net HKD assets in the Company's book and the Singapore subsidiary's book; and
- c) the strengthening of USD against RMB due to net USD assets in the PRC subsidiary's book; offset by
- d) the weakening of USD and EURO against SGD due to net USD assets in the Singapore subsidiary's book.

Despite lower average borrowing, finance costs increased 7.0% to RMB4.7 million in Q1 FY2020 as compared to RMB4.4 million in Q1 FY2019. This is due to higher finance charges incurred on early discounting of letters of credit and bills receivables.

Taxation

Income tax expense increased to RMB7.4 million in Q1 FY2020 as compared to RMB2.3 million in Q1 FY2019 is in line with higher profit for the financial period.

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

The Group recorded a profit before taxation of RMB33.0 million in Q1 FY2020 as compared to RMB8.2 million in Q1 FY2019 was mainly due to higher gross profit from higher revenue, partly offset by higher operating expenses.

Net profit attributable to equity holders of the Company increased to RMB28.3 million in Q1 FY2020 from RMB8.0 million in Q1 FY2019. This was mainly due to profit before taxation, offset by tax expense.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets decreased by RMB3.7 million to RMB559.6 million as at 30 June 2019. Included in property, plant and equipment, rental fleet amounting to RMB10.0 million was disposed and depreciation of RMB13.2 million was charged to income statement during the quarter under review.

Upon the adoption of SFRS(I) 16 Leases as explained in paragraph 5 above, right-of-use assets of RMB13.6 million was recognised as at 1 April 2019. During the quarter under review, a depreciation on the right-of-use assets of RMB1.3 million was charged to income statement.

Deferred tax assets also increased by RMB2.0 million. Deferred tax assets arose mainly from provisions and elimination of unrealised profits in intragroup sales.

Current Assets

Current assets increased by RMB36.2 million to RMB1,136.1 million as at 30 June 2019 mainly due to higher trade and other receivables, higher inventory and higher amount owing by related parties. This was partly offset by lower cash and cash equivalents.

Trade and other receivables increased by RMB35.7 million to RMB490.7 million as at 30 June 2019. The increase is in line with increase in sales.

Inventories increased by RMB7.2 million to RMB365.8 million as at 30 June 2019 as compared to RMB358.6 million as at 31 March 2019 for delivery due in the first quarter FY2020. Increase in inventory level is in line with increase in sales.

Amount owing by related parties increased by RMB16.6 million to RMB105.8 million as at 30 June 2019 due to higher sales over repayments from related parties.

Non-current Liabilities

Non-current liabilities increased by RMB8.3 million to RMB59.6 million as at 30 June 2019 as compared to RMB51.3 million as at 31 March 2019 mainly due to the adoption of SFRS(I) 16 Leases as explained in paragraph 5 above, where a lease liability of RMB13.6 million (including non-current and current portion) was recognised as at 1 April 2019.

Deferred tax liabilities also increased by RMB0.9 million. Deferred tax provision was mainly made for withholding tax levied on dividends of undistributed earnings of PRC subsidiaries and accelerated tax depreciation on inter-company sales of tower cranes used as rental fleet.

Current Liabilities

Current liabilities decreased by RM5.9 million to RMB823.3 million as at 30 June 2019 as compared to RMB829.2 million as at 31 March 2019 mainly due to repayment of borrowings and amount owing to related parties. The decrease was partly offset by higher tax payable and amount owing to a corporate shareholder of a subsidiary.

Amount owing to a corporate shareholder increased by RMB1.0 million due to higher transactions over repayments during the period.

Total Equity

As at 30 June 2019, the Group's total equity amounted to RMB812.7 million. The increase was mainly due to total comprehensive income of RMB30.1 million for Q1 FY2020.

REVIEW OF CASH FLOW STATEMENT

Q1 FY2020 vs Q1 FY2019

The Group reported a net decrease in cash and cash equivalents amounting to RMB25.1 million in Q1 FY2020 mainly due to:

- a) Net cash used in operating activities of RMB4.2 million resulted mainly from increase in operating receivables, decrease in operating payables and interest and taxes paid, partly offset by operating profit before working capital changes and decreased in inventory;
- b) Net cash used in investing activities of RMB0.5 million mainly from acquisition of properties, machineries and office equipment, partly offset by interest received and the proceeds from disposal of property, plant and equipment; and
- c) Net cash used in financing activities of RMB20.4 million mainly from net repayment of bank borrowings and finance lease creditors, repayment of lease liabilities and repayment to related parties and a director.

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 grew by 6.2 per cent as projected in the second quarter of 2019, the lowest figure since records began in March 1992. While the falls was within China Government's GDP target for the year of between 6 to 6.5 per cent, the ongoing US trade war is likely to cause weaker exports and pressure to the economy. Trade tensions between the U.S. and China may also stall a global recovery and are continuing to endanger investment and growth.

China government also primes up spending on infrastructure to boost economic growth to stave off the slowdown in the domestic economy and effect of trade war.

Apart from this, the construction sector in China is seeing an increase in the adoption of prefabricated construction method that will likely drive the demand of bigger size tower cranes. Demand for tower cranes 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 market like Hong Kong remains challenging. However, the Group remains cautious in view of the keen price competition as well as the rising material and business cost.

The Group is consolidating its Beijing's manufacturing plant to Fushun as part of the Group's effort to streamline its operations and to improve overall management and cost efficiency. The relocation has commenced in July and is expected to complete in September 2019. This is unlikely to have a significant impact to the financial statements.

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 FY2020.

(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 FY2019.

(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 2019 (Q1 FY2020) 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 2019 (Q1 FY2020) 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)	-	1,771
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	25,138
Liaoning Yongmao Hydraulic Machinery Co., Ltd (辽宁永茂液压机械有限公司)	732	-

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
FY2020					
- Q1	181,520	93,735	13,922	22,287	311,464
FY2019					
- Q1	107,849	41,953	1,623	29,044	180,469

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 First 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 2019 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
7 August 2019