

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2019. These figures have not been audited.

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	Increase/ (Decrease)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)	Increase/ (Decrease)
Revenue	267,200	207,540	28.7	578,664	388,009	49.1
Cost of sales	(187,496)	(151,786)	23.5	(411,447)	(289,232)	42.3
Gross profit	79,704	55,754	43.0	167,217	98,777	69.3
Other income	2,247	1,405	59.9	3,812	3,196	19.3
Distribution costs	(20,336)	(19,367)	5.0	(44,960)	(34,656)	29.7
Administrative expenses	(26,278)	(20,992)	25.2	(47,145)	(39,831)	18.4
Other operating expenses	(4,670)	3,195	NM	(10,538)	5,157	NM
Finance costs	(4,114)	(4,194)	(1.9)	(8,839)	(8,609)	2.7
Total operating expenses	(55,398)	(41,358)	33.9	(111,482)	(77,939)	43.0
Profit before taxation	26,553	15,801	68.0	59,547	24,034	147.8
Taxation	(7,639)	(3,835)	99.2	(15,081)	(6,113)	146.7
Net profit for the period	18,914	11,966	58.1	44,466	17,921	148.1
Attributable to:						
Equity holders of the Company	23,061	13,587	69.7	51,348	21,625	137.4
Non-controlling interests	(4,147)	(1,621)	155.8	(6,882)	(3,704)	85.8
Net profit for the period	18,914	11,966	58.1	44,466	17,921	148.1

NM: Not Meaningful

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	Increase/ (Decrease)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)	Increase/ (Decrease)
Net profit for the period	18,914	11,966	58.1	44,466	17,921	148.1
Other comprehensive income: Item that may be reclassified subsequently to profit or loss:						
Exchange translation difference ¹	4,727	6,168	(23.4)	9,321	12,377	(24.7)
Other comprehensive income of the period, net of tax	4,727	6,168	(23.4)	9,321	12,377	(24.7)
Total comprehensive income for the period	23,641	18,134	30.4	53,787	30,298	77.5
Total comprehensive income attributable to:						
Equity holders of the Company	26,050	17,713	47.1	57,532	29,593	94.4
Non-controlling interests	(2,409)	421	NM	(3,745)	705	NM
Total comprehensive income for the period	23,641	18,134	30.4	53,787	30,298	77.5

Notes to Group statement of profit or loss:

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	Increase/ (Decrease)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)	Increase/ (Decrease)
Other income						
Amortisation of deferred capital grants	57	57	-	114	114	-
Compensation income ²	71	-	NM	71	552	(87.1)
Gain on disposal of property, plant and equipment	578	-	NM	678	31	2,087.1
Government grants ³	104	8	1,200.0	104	21	395.2
Interest income ⁴	131	190	(31.1)	705	236	198.7
Rental income ⁴	758	819	(7.4)	1,492	1,724	(13.5)
Others	548	331	65.6	648	518	25.1
	2,247	1,405	59.9	3,812	3,196	19.3

NM: Not Meaningful

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	Increase/ (Decrease)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)	Increase/ (Decrease)
Other operating expenses						
Bank charges	144	103	39.8	483	276	75.0
Donations	300	-	NM	300	-	NM
Exchange gain ⁵	(2,798)	(3,309)	(15.4)	(5,428)	(5,475)	(0.9)
Loss on disposal of property, plant and equipment	542	-	NM	542	-	NM
Property, plant and equipment written off ⁶	545	-	NM	545	-	NM
Provision for employee compensation on relocation ⁶	2,992	-	NM	11,149	-	NM
Transportation expenses on factory relocation ⁶	2,939	-	NM	2,939	-	NM
Others	6	11	(45.5)	8	42	(81.0)
	<u>4,670</u>	<u>(3,195)</u>	<u>NM</u>	<u>10,538</u>	<u>(5,157)</u>	<u>NM</u>

Notes to other profit or loss items

The Group profit before taxation is arrived at after charging:

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	Increase/ (Decrease)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)	Increase/ (Decrease)
Amortisation of lease prepayments	110	-	NM	220	-	NM
Depreciation of right-of-use assets ⁷	1,299	-	NM	2,558	-	NM
Depreciation of property, plant and equipment	15,198	13,558	12.1	28,519	26,303	8.4
Interest expense	4,114	4,194	(1.9)	8,839	8,609	2.7
Gain on disposal of property, plant and equipment, net	(36)	-	NM	(136)	(31)	338.7
Operating lease rentals ⁷	1,609	2,829	(43.1)	3,266	6,059	(46.1)
Write-down of Inventory ⁸	-	4,511	(100.0)	-	4,511	(100.0)

NM: Not Meaningful

Note:

- Gain on exchange translation arose from translation of the net assets of our Hong Kong subsidiaries and Singapore subsidiaries. HKD and SGD appreciated 6.7% and 4.2% respectively against RMB as at 30 September 2019 as compared to last financial year end.
- Mainly compensation income received from sub-contractors resulted from non-conformance in quality for goods delivered and compensation from customers by court order.
- Mainly refers to product development grants from the PRC authorities.
- See Paragraph 8 – Other income.
- See Paragraph 8 – Operating expense.
- Expenses incurred in relates to relocation of Beijing's manufacturing plant exercise.
- 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.
- Mainly provision for inventory obsolescence on certain components and accessories that decline in value arising from products rationalization exercise to discontinue certain tower cranes model with low market demand. 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 2019 RMB'000	31 Mar 2019 RMB'000	30 Sep 2019 RMB'000	31 Mar 2019 RMB'000
ASSETS				
Non-current				
Property, plant and equipment	393,479	407,218	-	-
Lease repayment	18,766	18,986	-	-
Right-of-use assets ¹	11,805	-	-	-
Subsidiaries	-	-	344,363	344,363
Financial assets, at FVOCI	118,845	118,845	118,845	118,845
Trade and other receivables	198	225	-	-
Deferred tax assets	23,263	17,996	-	-
	<u>566,356</u>	<u>563,270</u>	<u>463,208</u>	<u>463,208</u>
Current				
Inventories	391,472	358,641	-	-
Trade and other receivables	495,883	455,030	171	229
Amounts owing by subsidiaries	-	-	36,773	34,387
Amounts owing by related parties	93,711	89,199	-	-
Amount owing by a corporate shareholder of a subsidiary	3,272	3,345	-	-
Cash and cash equivalents	147,621	193,651	7,033	2,558
	<u>1,131,959</u>	<u>1,099,866</u>	<u>43,977</u>	<u>37,174</u>
TOTAL ASSETS	<u>1,698,315</u>	<u>1,663,136</u>	<u>507,185</u>	<u>500,382</u>
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	457,170	413,058	180,692	172,616
Equity attributable to equity holders of the Company	<u>769,654</u>	<u>725,542</u>	<u>493,176</u>	<u>485,100</u>
Non-controlling interests	53,256	57,001	-	-
TOTAL EQUITY	<u>822,910</u>	<u>782,543</u>	<u>493,176</u>	<u>485,100</u>
LIABILITIES				
Non-current				
Borrowings	635	708	-	-
Lease liability ¹	7,062	-	-	-
Deferred capital grants	9,657	9,771	-	-
Deferred tax liabilities	24,893	22,412	10,998	9,343
Trade and other payables	16,773	18,434	-	-
	<u>59,020</u>	<u>51,325</u>	<u>10,998</u>	<u>9,343</u>
Current				
Trade and other payables	512,528	506,621	3,002	4,927
Borrowings	223,944	251,895	-	-
Lease liability ¹	4,976	-	-	-
Deferred capital grants	229	229	-	-
Amounts owing to a subsidiary	-	-	-	994
Amounts owing to/advances from related parties	12,729	23,969	-	-
Amounts owing to a corporate shareholder of a subsidiary	36,279	34,325	-	-
Current tax payable	25,700	12,229	9	18
	<u>816,385</u>	<u>829,268</u>	<u>3,011</u>	<u>5,939</u>
TOTAL LIABILITIES	<u>875,405</u>	<u>880,593</u>	<u>14,009</u>	<u>15,282</u>
TOTAL EQUITY AND LIABILITIES	<u>1,698,315</u>	<u>1,663,136</u>	<u>507,185</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 Sep 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	223,944	18,355	251,895	28,662
Amount repayable after one year	635	-	708	-
	224,579	18,355	252,603	28,662

Details of any collaterals

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

	30 Sep 2019	31 Mar 2019	
	RMB'000	RMB'000	Description
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)	-	24,514	Granted to Fushun Yongmao, guaranteed by certain directors of the Company and secured by certain trade receivables from related party.
	-	24,514	
Finance lease obligations			
a)	1,146	1,470	In respect of motor vehicles and office equipment acquired under finance leases.
b)	19,933	22,619	In respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.
	21,079	24,089	
	224,579	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.
- RMB Nil 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.
- RMB Nil 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 (Second Quarter)		Group (First Half)	
	RMB'000		RMB'000	
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)
Cash flows from operating activities				
Profit before taxation	26,553	15,801	59,547	24,034
Adjustments for:				
Amortisation of deferred capital grants	(57)	(57)	(114)	(114)
Amortisation of lease prepayments	110	-	220	-
Depreciation of property, plant and equipment	15,198	13,558	28,519	26,303
Depreciation of right-of-use assets ¹	1,299	-	2,558	-
Gain on disposal of property, plant and equipment, net	(36)	-	(136)	(31)
Property, plant and equipment written off	545	-	545	-
Write-down of inventory	-	4,511	-	4,511
Interest expense	4,114	4,194	8,839	8,609
Interest income	(131)	(190)	(705)	(236)
Exchange translation difference	90	356	226	469
Operating profit before working capital changes	47,685	38,173	99,499	63,545
Increase in inventories ²	(41,175)	(16,804)	(38,373)	(54,952)
Decrease/(Increase) in operating receivables	10,616	1,741	(38,490)	14,585
(Decrease)/Increase in operating payables	2,109	10,281	(1,156)	39,378
Cash generated from operations	19,235	33,391	21,480	62,556
Interest paid	(3,479)	(2,461)	(8,640)	(7,485)
Tax paid	(4,233)	(2,070)	(5,518)	(3,998)
Net cash generated from operating activities	11,523	28,860	7,322	51,073
Cash flows from investing activities				
Acquisition of property, plant and equipment	(511)	(515)	(2,126)	(1,332)
Proceeds from disposal of property, plant and equipment	773	38	1,361	1,309
Repayment to corporate shareholder of a subsidiary	-	(5)	(21)	(5)
Interest received	131	190	705	236
Net cash generated from/(used in) investing activities	393	(292)	(81)	208
Cash flows from financing activities				
Proceeds from borrowings	30,000	36,100	80,000	114,100
Repayment of borrowings	(40,000)	(69,400)	(105,014)	(147,421)
Proceeds from finance lease	-	466	-	15,810
Repayment of finance lease liabilities	(2,194)	(3,082)	(4,391)	(7,087)
Repayment of lease liabilities ¹	(1,270)	-	(2,500)	-
Restricted bank balances	6,164	8,277	7,012	(13,185)
Repayment to related parties	(6,425)	(1,261)	(8,925)	(2,702)
Repayment to a director	(1,187)	-	(1,487)	-
Dividends paid to equity holders of the Company	(13,420)	(4,333)	(13,420)	(4,333)
Net cash used in financing activities	(28,332)	(33,233)	(48,725)	(44,818)
Net (decrease)/increase in cash and cash equivalents	(16,416)	(4,665)	(41,484)	6,463
Cash and cash equivalents at beginning of period	99,971	77,100	123,849	65,307
Exchange adjustments	1,276	697	2,466	1,362
Cash and cash equivalents at end of period	84,831	73,132	84,831	73,132

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 Q2 FY2020 of RMB17.6 million (Q2 FY2019 : RMB12.5 million) and 1H FY2020 of RMB18.0 million (1H FY2019: RMB35.4 million) respectively, 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.

Analysis of cash and cash equivalents

	Group	
	RMB'000 30 Sep 2019	RMB'000 30 Sep 2018
Cash on hand	92	88
Bank balances	147,529	152,889
	147,621	152,977
Restricted bank balances	(62,790)	(79,845)
	84,831	73,132

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
Total comprehensive income/(expenses) for the period	-	-	-	-	23,061	2,989	26,050	(2,409)	23,641
Transfer to statutory common reserve	-	-	3,195	-	(3,195)	-	-	-	-
Dividends	-	-	-	-	(13,420)	-	(13,420)	-	(13,420)
Balance as at 30 Sep 2019	312,484	(26,769)	72,801	40,170	360,297	10,671	769,654	53,256	822,910

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
Total comprehensive income for the period	-	-	-	-	13,587	4,126	17,713	421	18,134
Transfer to statutory common reserve	-	-	1,898	-	(1,898)	-	-	-	-
Dividends	-	-	-	-	(4,333)	-	(4,333)	-	(4,333)
Balance as at 30 Sep 2018	312,484	(26,769)	63,183	9,452	292,159	7,132	657,641	57,322	714,963

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 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
Total comprehensive income for the period	-	-	22,701	22,701
Dividends	-	-	(13,420)	(13,420)
Balance as at 30 Sep 2019	312,484	40,170	140,522	493,176

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
Total comprehensive income for the period	-	-	26	26
Dividends	-	-	(4,333)	(4,333)
Balance as at 30 Sep 2018	312,484	9,452	128,146	450,082

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 FY2020 or Q2 FY2019.

There was no outstanding convertible, treasury share or subsidiary holdings as at 30 September 2019 (30 September 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 September 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 September 2019 (30 September 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 September 2019 (30 September 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 (Second Quarter)		Group (First Half)	
	RMB'000		RMB'000	
	3 months ended 30 Sep 2019 (Q2 FY2020)	3 months ended 30 Sep 2018 (Q2 FY2019)	6 months ended 30 Sep 2019 (1H FY2020)	6 months ended 30 Sep 2018 (1H FY2019)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	23,061	13,587	51,348	21,625
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	25.98	15.31	57.86	24.37
(b) On a fully diluted basis	25.98	15.31	57.86	24.37

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 2019	31 Mar 2019	30 Sep 2019	31 Mar 2019
Net asset value per ordinary share (RMB cents)	867.22	817.51	555.69	546.59

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

Second Quarter FY2020 ("Q2 FY2020") vs Second Quarter FY2019 ("Q2 FY2019")

Revenue

Group revenue increased by 28.7% to RMB267.2 million in Q2 FY2020 as compared to RMB207.5 million in Q2 FY2019. The increase in revenue was mainly from higher sales of tower cranes by RM49.0 million from RMB158.7 million in Q2 FY2019 to RMB207.7 million in Q2 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 and rental and service income also increased by RMB6.2 million and RMB4.4 million respectively. The increase in rental income was mainly due to increase in rental in the PRC.

All sales region except for the Middle East and Others reported a higher revenue in Q2 FY2020 as compared to Q2 FY2019. Revenue in the PRC increased RMB41.4 million from RMB95.9 million in Q2 FY2019 to RMB137.3 million in Q2 FY2020 resulted mainly from higher demands in medium size tower cranes and sales of leased tower cranes. Asia (outside the PRC) has increased by RMB18.6 million from RMB88.0 million in Q2 FY2019 to RMB106.5 million in Q2 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 increased marginally by RMB0.7 million. The increase was slightly offset by the decrease in Middle East & Others which was lowered by RMB1.1 million.

Overall, the PRC and Asia (outside the PRC) sales contributed to 51.4% and 39.9% respectively of the Group revenue in Q2 FY2020.

Gross profit and gross profit margin

In line with increase in revenue, gross profit increased by 43.0% to RMB79.7 million in Q2 FY2020 from RMB55.8 million in Q2 FY2019.

Average gross profit margin increased to 29.8% in Q2 FY2020 from 26.9% in Q2 FY2019. The increase was attributable to sales of higher proportion of large and mega sized tower cranes of higher lifting capacity which generates higher margin.

Other income

Other income increased by RMB0.8 million to RMB2.2 million in Q2 FY2020 as compared to RMB1.4 million in Q2 FY2019 was mainly due to gain on disposal of machineries arising from the Beijing factory relocation. The increase is also from government grants received on product development, compensation income received from sub-contractors resulted from non-conformance in quality for goods delivered and higher sales of scrapped material.

Operating expenses

Total operating expenses increased 33.9% to RMB55.4 million in Q2 FY2020 as compared to RMB41.4 million in Q2 FY2019.

Distribution costs increased 5.0% to RMB20.3 million in Q2 FY2020 as compared to RMB19.4 million in Q2 FY2019 mainly due to higher freight and transportation charges and higher bonus provision in line with higher sales, partly offset by lower after sales service expenses.

Administrative expenses increased 25.2% to RMB26.3 million in Q2 FY2020 as compared to RMB21.0 million in Q2 FY2019 mainly due to higher bonus provision. In addition, a one-off amount of RMB2.6 million was incurred for discharging our responsibility to repair and maintain a state-owned property previously enforced on Beijing Yongmao by local authority.

Other operating expenses reported a debit balance of RMB4.7 million in Q2 FY2020 from a credit balance of RMB3.2 million in Q2 FY2019. The higher operating expenses in Q2 FY2020 is mainly due to a provision for employee compensation of RMB3.0 million for the relocation of Beijing's manufacturing plant and property, transportation expenses of RMB2.9 million incurred for the relocation and plant and equipment written off of RMB0.5 million. This is partially offset by exchange gain of RMB2.8 million. The credit balance in Q2 FY2019 was mainly arose from an exchange gain of RMB3.3 million.

The exchange gain for Q2 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 and EURO assets in the Singapore subsidiary's book.

Despite borrowings decreased by RMB11.4 million to RMB224.6 million as at 30 September 2019 as compared to RMB236.0 million as at 30 June 2019, finance costs only decreased marginally to RMB4.1 million in Q2 FY2020 as compared to RMB4.2 million in Q2 FY2019 due to higher finance charges incurred on early discounting of letters of credit and bills receivables.

Taxation

Income tax expense increased to RMB7.6 million in Q2 FY2020 as compared to RMB3.8 million in Q2 FY2019 is in line with higher profits 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 RMB26.6 million in Q2 FY2020 as compared to RMB15.8 million in Q2 FY2019 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 RMB23.1 million in Q2 FY2020 from RMB13.6 million in Q2 FY2019. This was mainly due to profit before taxation, offset by tax expense.

First Half FY2020 ("1H FY2020") vs First Half FY2019 ("1H FY2019")

Revenue

Group revenue increased by 49.1% to RMB578.7 million in 1H FY2020 as compared to RMB388.0 million in 1H FY2019. The increase in revenue was mainly from higher sales of tower cranes by RM177.0 million from RMB293.4 million in 1H FY2019 to RMB470.4 million in 1H 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 RMB16.9 million. The increase in revenue was partly offset by lower rental and service income by RMB3.2 million. Decrease in rental & service income was mainly due to decrease in Hong Kong and Macau operations as a result of weaker demand.

All sales region except for the Middle East and Others reported a higher revenue in 1H FY2020 as compared to 1H FY2019. Revenue in the PRC increased RMB115.1 million from RMB203.7 million in 1H FY2019 to RMB318.8 million in 1H FY2020 resulted mainly from higher demands in medium size tower cranes and sales of leased tower cranes. Asia (outside the PRC) has increased by RMB70.4 million from RMB129.9 million in 1H FY2019 to RMB200.3 million in Q2 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 also increased by RMB13.0 million. The increase was offset by the decrease in Middle East & Others which was lowered by RMB7.9 million.

Overall, the PRC and Asia (outside the PRC) sales contributed to 55.1% and 34.6% respectively of the Group revenue in 1H FY2020.

Gross profit and gross profit margin

In line with increase in revenue, gross profit increased by 69.3% to RMB167.2 million in 1H FY2020 from RMB98.8 million in 1H FY2019.

Average gross profit margin increased to 28.9% in 1H FY2020 from 25.5% in 1H FY2019. The increase was attributable to sales of higher proportion of large and mega sized tower cranes of higher lifting capacity which generates higher margin.

Other income

Other income slightly increased by RMB0.6 million to RMB3.8 million in 1H FY2020 as compared to RMB3.2 million in 1H FY2019 was mainly due to gain on disposal of machineries arising from the Beijing factory relocation. The increase is also from government grants received on product development, compensation income received from sub-contractors resulted from non-conformance in quality for goods delivered and higher sales of scrapped material. The increase was partly offset by lower interest income of RMB0.5 million. Interest income mainly derived from deposit placed to secure trade facility.

Operating expenses

Total operating expenses increased 43.0% to RMB111.5 million in 1H FY2020 as compared to RMB77.9 million in 1H FY2019.

Distribution costs increased 29.7% to RMB45.0 million in 1H FY2020 as compared to RMB34.7 million in 1H FY2019 mainly due to higher freight and transportation charges, higher bonus provision, as well as higher after sales service expenses in line with higher sales.

Administrative expenses increased 18.4% to RMB47.1 million in 1H FY2020 as compared to RMB39.8 million in 1H FY2019 largely due to higher bonus. In addition, a one-off amount of RMB2.6 million was incurred for discharging our responsibility to repair and maintain a state-owned property previously enforced on Beijing Yongmao by local authority. The increase is also contributed by higher traveling cost and professional fees.

Other operating expenses reported a debit balance of RMB10.5 million in 1H FY2020 from a credit balance of RMB5.2 million in 1H FY2019. The higher operating expenses in 1H FY2020 is mainly due to a provision for employee compensation of RMB11.1 million for the relocation of Beijing's manufacturing plant and property, transportation expenses of RMB2.9 million incurred for the relocation and plant and equipment written off of RMB0.5 million. This is partially offset by exchange gain of RMB5.4 million. The credit balance in 1H FY2019 was mainly arose from an exchange gain of RMB5.5 million.

The exchange gain for 1H 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 and EURO assets in the Singapore subsidiary's book.

Despite lower average borrowing, finance costs increased marginally to RMB8.8 million in 1H FY2020 as compared to RMB8.6 million in 1H FY2019 due to higher finance charges incurred on early discounting of letters of credit and bills receivables.

Taxation

Income tax expense increased to RMB15.1 million in 1H FY2020 as compared to RMB6.1 million in 1H FY2019 is in line with higher profits 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 RMB59.5 million in 1H FY2020 as compared to RMB24.0 million in 1H FY2019 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 RMB51.3 million in 1H FY2020 from RMB21.6 million in 1H 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 increased by RMB3.1 million to RMB566.4 million as at 30 September 2019 arises from right-of-use assets. 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 period under review, a depreciation on the right-of-use assets of RMB2.6 million was charged to income statement.

Deferred tax assets also increased by RMB5.3 million. Deferred tax assets arose mainly from provisions and elimination of unrealised profits in intragroup sales.

The increased was offset by net decrease in property, plant and equipment over additions, disposal and depreciation charged for the period under review.

Current Assets

Current assets increased by RMB32.1 million to RMB1,132.0 million as at 30 September 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 RMB40.9 million to RMB495.9 million as at 30 September 2019. The increase is in line with increase in sales.

Inventories increased by RMB32.8 million to RMB391.5 million as at 30 September 2019 as compared to RMB358.6 million as at 31 March 2019. This higher inventory is for delivery to customers in the third quarter FY2020.

Amount owing by related parties increased by RMB4.5 million to RMB93.7 million as at 30 September 2019 due to higher sales over repayments from related parties.

Non-current Liabilities

Non-current liabilities increased by RMB7.7 million to RMB59.0 million as at 30 September 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 RMB2.5 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 RM12.9 million to RMB816.4 million as at 30 September 2019 as compared to RMB829.3 million as at 31 March 2019 mainly due to repayment of bank borrowings and amount owing to related parties. The decrease was partly offset by higher tax payable, trade and other payables and amount owing to a corporate shareholder of a subsidiary.

Trade and other payables increased by RMB5.9 million mainly due to higher purchases made during the period partially offset by lower advances from customers.

Amount owing to a corporate shareholder increased by RMB2.0 million due to higher transactions over repayments during the period.

Total Equity

As at 30 September 2019, the Group's total equity amounted to RMB822.9 million. The increase was mainly due to total comprehensive income of RMB53.8 million for 1H FY2020, partly offset by dividends paid in Q2 FY2020.

REVIEW OF CASH FLOW STATEMENT

Q2 FY2020 vs Q2 FY2019

The Group reported a net decrease in cash and cash equivalents amounting to RMB16.4 million in Q2 FY2020 mainly due to:

- a) Net cash generating from operating activities of RMB11.5 million resulted mainly from operating profit before working capital changes, decrease in operating receivables and increase in operating payables, partly offset by increased in inventory, and interest and taxes paid;
- b) Net cash generated from investing activities of RMB0.4 million mainly from interest received and the proceeds from disposal of property, plant and equipment, partly offset by acquisition of properties, machineries and office equipment; and
- c) Net cash used in financing activities of RMB28.3 million mainly from net repayment of bank borrowings and finance lease creditors, repayment of lease liabilities, repayment to related parties and a director and dividend paid to shareholders of the company, partly offset by lower restricted bank balances.

1H FY2020 vs 1H FY2019

The Group reported a net increase in cash and cash equivalents amounting to RMB41.5 million in 1H FY2019 mainly due to:

- a) Net cash generated from operating activities in 1H FY2019 of RMB7.3 million resulted mainly from operating profit before working capital changes, partly offset by increase in operating receivables, increase in inventories, decrease in operating payables and interest and taxes paid;
- b) Net cash used in investing activities of RMB0.1 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 RMB48.7 million mainly from net repayment of bank borrowings and finance lease creditors, repayment of lease liabilities, repayment to related parties and a director and dividend paid to shareholders of the company, partly offset by lower restricted bank balances.

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

NA.

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

PRC's economy grew by 6.0 per cent in the third quarter of 2019, slowing from a 6.2 percent expansion in the previous quarter and compared with market expectations of 6.1 percent. While the decline was within PRC Government's GDP target for the year of between 6 to 6.5 per cent, the continuing trade war with the U.S. may cause uncertainty to the global economic environment.

PRC government has continued to ramp up investments in infrastructure in the country. Apart from this, the construction sector in PRC is seeing an increase in the adoption of prefabricated construction method that will likely drive the demand for bigger size tower cranes. Demand for tower cranes outside the PRC including Singapore, Taiwan and the Middle East is likely to see a better demand in the replacement market.

The Group has consolidated its Beijing's manufacturing plant to Fushun as part of its efforts to streamline its operations and to improve overall management and cost efficiency in September 2019. The relocation exercise is substantially completed and total expenses to-date approximate to RMB14.6 million. In this regard, the Group had discussed with the relevant local authorities for certain subsidies and we are currently finalizing the amount with them.

The Group continues to experience keen price competition as well as rising material and business costs. Looking ahead, the Group will continue to focus on cost controls, enhance capacity utilisation and grow our presence in new markets.

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 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 Q2 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) 6 months ended 30 Sep 2019 (1H 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) 6 months ended 30 Sep 2019 (1H FY2020) RMB'000
Sales to interested persons		
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	-	2,478
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	41,101
Liaoning Yongmao Hydraulic Machinery Co., Ltd (辽宁永茂液压机械有限公司)	965	-
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	513	-

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					
- Q2	137,300	106,542	4,410	18,948	267,200
- 1H	318,820	200,277	18,332	41,235	578,664
FY2019					
- Q2	95,856	87,971	3,681	20,032	207,540
- 1H	203,705	129,924	5,304	49,076	388,009

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 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
14 November 2019