

**YONGMAO HOLDINGS LIMITED**  
(Company Registration No. 200510649K)  
(Incorporated in the Republic of Singapore)

---

**YONGMAO FY2020 ANNUAL GENERAL MEETING ADVANCE QUESTIONS AND RESPONSES**

---

The Board of Directors of Yongmao Holdings Limited (the “**Company**”) refers to the publishing of its annual general meeting related documents on the SGXNET on 2 September 2020. As at 13 September 2020, the Company has received the following relevant and significant questions from the shareholders and the Company wishes to provide its responses in advance of the AGM as follow:-

**1. Is the world short of high-capacity tower cranes? How widely are PPVC/Prefabrication methods being employed in countries served by Yongmao? Have these countries set higher targets for the use of PPVC/Prefab for new constructions?**

Increasing global population and rapid urbanization across the world will create the need for more and efficient infrastructure facilities, residences, and buildings. Hence, high-capacity, high quality tower cranes are expected to continue to be in demand.

It was reported by Building Construction Authority Singapore (BCA) in a media release on 8 January 2020<sup>(1)</sup>, the Design for Manufacturing and Assembly (DfMA) such as Prefabricated Pre-finished Volumetric Construction (PPVC) or Advanced Precast Concrete System (APCS) adoption rate by the industry shows an improvement from 22% in 2018 to about 30% in 2019. The public sector, for example HDB, will continue to take the lead in adopting (DfMA) in their building projects where 75% of all its units launched in 2020 will adopt DfMA methods. Similarly, authorities in Hong Kong is also taking the lead in this area by requiring use of Modular Integrated Construction MiC<sup>(2)</sup> in governmental projects for tenders submitted from 1 April 2020.

Save for the aforementioned, we currently do not have and are not aware of any information on higher official target sets for the other markets served by us.

(1)  
<https://www1.bca.gov.sg/docs/default-source/docs-corp-news-and-publications/media-releases/singapore-construction-demand-2020-mr08012020.pdf>

(2)  
Modular Integrated Construction (MiC) is a construction method that employs the technique of having freestanding volumetric modules (with finishes, fixtures, fittings, etc.) manufactured off-site and then transported to site for assembly.

**2. Have there been cancellations of orders for tower cranes? Has freighting of tower cranes improved? Finished goods stood at RMB106million (“m”) and WIP RMB235m at the end-March 2020. What is the present situation?**

As reported in our last result announcement on 17 July 2020, due to the COVID-19 outbreak, business operations of our local PRC and overseas customers and freight forwarders were disrupted, resulting in delays and postponement of deliveries. So far, since 17 July 2020 and up to-date we have not experienced major cancellation of orders. At present, freight have resumed largely back to normal.

Finished goods and WIP have increased as at end August 2020 as compared to March 2020. This is due mainly to higher inventory for our Singapore customers as the construction industry was only allowed to resume work in August 2020 following the COVID-19 lockdowns in Singapore, and deliveries has only commenced in late August.

3. **As chairman stated that performance in 9mFY2020 was sturdy but softened in 4Q, 3QFY2020 profit should have been higher than 3QFY2019's RMB11.5m. Yet 2HFY2020 group profit was a mere RMB 4.5m, only after crediting RMB8m relocation grant.**

**What was 4QFY2020 loss?**

Net profit for 3<sup>rd</sup> Quarter FY2020 is RMB20.7m, while the group registered a net loss of RMB16.2m for the 4<sup>th</sup> Quarter FY2020. The net loss in 4<sup>th</sup> Quarter FY2020 is due mainly to COVID-19 outbreak in January 2020 which halted economic activities in the PRC and disrupted global supply chains. January and February traditionally has lower sales due to the Chinese New Year holidays closure in many of our markets.

4. **What is the plan for the RMB119m investment in THEC? Does THEC provide reasonable dividends? Does Yongmao's crane leasing business overlap with that of THEC?**

The Group owns unquoted shares in Tat Hong Equipment (China) Pte Ltd (“THEC”, and together with its subsidiaries, the “THEC Group”). This investment in THEC is classified as investments in financial assets at fair value through other comprehensive income (“FVOCI”). The Group view this investment as a strategic investment as THEC Group is one of our major customer and one of the largest tower crane rental company in the PRC. THEC does not declare dividend as it is still expanding its rental fleet in the PRC. Yongmao's crane leasing business does not overlap that of THEC as we operate predominantly in those areas that THEC does not have a presence such as Hong Kong or when THEC does not have the necessary equipment to rent, or for some business reasons, when they do not want to participate in the rental project.

5. **Beijing Yongmao Jiangong's operating loss was RMB24.7m after excluding \$18.9m\* relating to relocation of the Beijing plant.  
\*inclusive of RMB 3.3m for reinstating the Beijing site and equipment write-off**

**Was this due to the Beijing Plant operating way below the breakeven point (FY2020 revenue of RMB77m vs FY2019's RMB177m)? Is Beijing Yongmao still in the red?**

**Does Beijing Yongmao produce small cranes only? What was the size of its factory site in Beijing compared with the factory land of 16 hectares and built-up area of 3.5 hectares in Fushun?**

Beijing Yongmao was operating below its breakeven point in FY2020 as there were constraints in its production due to environmental related concerns in its old Beijing factory. Following the shift of its production facilities to Fushun, Beijing Yongmao has gradually resumed its operations in the new plant in accordance to plan. Beijing Yongmao will produce the small to mid-range tower cranes.

The factory site in Beijing both factory land and build-up area is approximately 14.9 hectares and 4.1 hectares respectively.

6. **Will there be major new capex in FY2021 and the immediate future?**

There is no major capex planned in FY2021.

7. **What portions of FY2019 and FY2020 revenues were due to the seller undertaking arrangement?**

The revenue under seller undertaking arrangement are RMB94.3m and RMB108.5m for FY2020 and FY2019 respectively.

**8. Was the lower use of bills a result of banks curbing the issue of such instruments?**

	31 March 2020	31 March 2019
	RMB'm	RMB'm
<b>Bills payables</b>	<b>4.5</b>	<b>71.4</b>
<b>Bills receivables</b>	<b>14.0</b>	<b>51.2</b>

The Company is unaware of any banking curbs on the financing instruments arrangement in the PRC. The lower use of bill payables in the Group is due to preference mode of financing arrangement in terms of term loans or bill payable.

**9. What were the causes of higher advance to raw material suppliers (RMB51m on year end FY2020, from RMB31m a year before)? As raw materials are generally lower amid the pandemic, is there a need for a write-down?**

The increase in advance to suppliers is due to delay in delivery resulting from movement restrictions enforced by governments which disrupted the supply chain.

**10. What made up the RMB362m inter-segment sales in the PRC segment?**

This pertains to inter-company sales between the Group's PRC entities.

**11. Yongmao Machinery (H.K.) made RMB6.5m in FY2020, but RMB8m was allocated to the Non-Controlling Interest ("NCI"). Why?**

The breakdown for the increase of RMB8m in NCI are as follow:

	31 March 2020
	RMB'm
Share of profit allocated to NCI during the reporting year	2.6
Due to appreciation of HKD	3.7
Capital injection by NCI - new subsidiary in Cambodia	1.7
	<hr/>
	8.0

**12. 14.65% of the Company's shares are in the hands of the public. As the controlling shareholder, Tat Hong and the general manager collectively owns 82.3%, who are the non-public holding the remaining 3.05%?**

Direct family member(s) of the controlling shareholder(s).

**13. What are the selling prices of the different types of cranes including a breakdown of each type sold?**

Due to price sensitivity, we are unable to provide a detail selling price of the different types of cranes. However, the prices of cranes ranges from RMB0.5m to RMB20m depending on the types and specifications of the tower cranes and also the sales region.

**14. How many of the new heavy-duty tower cranes (such as STT 3930) were sold?**

We have sold 16 units of tower cranes with lifting capacities of 50T and above in FY2020, while we also have 18 units under assets for rental.

**15. What was the revenue for the months of January and February 2020?**

Total revenue for January and February 2020 amounted to RMB87.9m.

BY ORDER OF THE BOARD

Tian Ruo Nan  
Chief Executive Officer

14 September 2020