

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

**UNAUDITED FIRST HALF FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

**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 2020. These figures have not been audited.

	Group (First Half)		
	RMB'000		%
	6 months ended 30 Sep 2020 (1H FY2021)	6 months ended 30 Sep 2019 (1H FY2020)	Increase/ (Decrease)
<b>Revenue</b>	401,348	578,664	(30.6)
Cost of sales	(298,051)	(411,447)	(27.6)
<b>Gross profit</b>	103,297	167,217	(38.2)
Other income	6,357	3,812	66.8
Distribution costs	(31,785)	(44,960)	(29.3)
Administrative expenses	(33,028)	(47,145)	(29.9)
Other operating expenses	(3,696)	(10,538)	(64.9)
Finance costs	(7,415)	(8,839)	(16.1)
<b>Total operating expenses</b>	(75,924)	(111,482)	(31.9)
<b>Profit before taxation</b>	33,730	59,547	(43.4)
Taxation	(6,746)	(15,081)	(55.3)
<b>Net profit for the period</b>	26,984	44,466	(39.3)
<b>Attributable to:</b>			
Equity holders of the Company	24,884	51,348	(51.5)
Non-controlling interests	2,100	(6,882)	NM
<b>Net profit for the period</b>	26,984	44,466	(39.3)

NM: Not Meaningful

	Group (First Half)		
	RMB'000		%
	6 months ended 30 Sep 2020 (1H FY2021)	6 months ended 30 Sep 2019 (1H FY2020)	Increase/ (Decrease)
<b>Net profit for the period</b>	26,984	44,466	(39.3)
<b>Other comprehensive income:</b>			
Item that <u>maybe</u> reclassified subsequently to profit or loss			
Exchange translation difference <sup>1</sup>	(5,626)	9,321	NM
Other comprehensive income of the period, net of tax	(5,626)	9,321	NM
<b>Total comprehensive income for the period</b>	<b>21,358</b>	<b>53,787</b>	<b>(60.3)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	21,544	57,532	(62.6)
Non-controlling interests	(186)	(3,745)	(95.0)
<b>Total comprehensive income for the period</b>	<b>21,358</b>	<b>53,787</b>	<b>(60.3)</b>

**Notes to Group statement of profit or loss:**

	Group (First Half)		
	RMB'000		%
	6 months ended 30 Sep 2020 (1H FY2021)	6 months ended 30 Sep 2019 (1H FY2020)	Increase/ (Decrease)
<b>Other income</b>			
Amortisation of deferred capital grants	114	114	-
Compensation income <sup>3</sup>	5	71	(93.0)
Gain on disposal of property, plant and equipment	34	678	(95.0)
Government grants <sup>2</sup>	3,757	104	3,512.5
Interest income <sup>3</sup>	780	705	10.6
Rental income <sup>3</sup>	1,310	1,492	(12.2)
Others	357	648	(44.9)
	<b>6,357</b>	<b>3,812</b>	<b>66.8</b>
<b>Other operating expenses</b>			
Bank charges	902	483	86.7
Donations	-	300	(100.0)
Employee compensation on relocation <sup>4</sup>	(7)	11,149	NM
Exchange loss/(gain) <sup>5</sup>	2,435	(5,428)	NM
Loss on disposal of property, plant and equipment	328	542	(39.5)
Property, plant and equipment written off <sup>4</sup>	-	545	NM
Transportation expenses on factory relocation <sup>4</sup>	-	2,939	NM
Others	38	8	375.0
	<b>3,696</b>	<b>10,538</b>	<b>(64.9)</b>

NM: Not Meaningful

The Group profit before taxation is arrived at after charging:

	Group (First Half)		
	RMB'000		%
	6 months ended 30 Sep 2020 (1H FY2021)	6 months ended 30 Sep 2019 (1H FY2020)	Increase/ (Decrease)
Depreciation of right-of-use assets	4,722	4,059	16.3
Depreciation of property, plant and equipment	27,027	27,238	(0.8)
Loss/(Gain) on disposal of property, plant and equipment, net	294	(136)	NM
Interest expense	7,493	8,839	(15.2)
Operating lease rentals	2,605	3,266	(20.2)

NM: Not Meaningful

Note:

1. Loss on exchange translation arose from translation of the net assets of our Hong Kong subsidiaries. HKD depreciated 3.9% against RMB as at 30 September 2020 as compared to last financial year end.
2. Mainly refers to Government subsidies or rebates in relating to COVID-19 pandemic from PRC authority, Singapore authority, Hong Kong authority and Macau authority.
3. See Paragraph 8 – Other income.
4. Expenses incurred in relates to relocation of Beijing's manufacturing plant exercise in FY2020.
5. See Paragraph 8 – Operating expense.

**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 2020	31 Mar 2020	30 Sep 2020	31 Mar 2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b>Non-current</b>				
Property, plant and equipment	416,451	436,679	-	-
Subsidiaries	-	-	344,363	344,363
Financial assets, at FVOCI	119,029	119,029	119,029	119,029
Trade and other receivables	8	171	-	-
Deferred tax assets	17,143	17,667	-	-
	<u>552,631</u>	<u>573,546</u>	<u>463,392</u>	<u>463,392</u>
<b>Current</b>				
Inventories	446,527	392,204	-	-
Trade and other receivables	491,257	432,257	169	259
Amounts owing by subsidiaries	-	-	36,827	40,466
Amounts owing by related parties	42,297	68,504	-	-
Amount owing by a corporate shareholder of a subsidiary	2,889	3,468	-	-
Cash and cash equivalents	148,437	167,343	2,687	1,388
	<u>1,131,407</u>	<u>1,063,776</u>	<u>39,683</u>	<u>42,113</u>
<b>TOTAL ASSETS</b>	<u>1,684,038</u>	<u>1,637,322</u>	<u>503,075</u>	<u>505,505</u>
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	312,484	312,484	312,484	312,484
Reserves	486,339	464,795	185,902	187,909
<b>Equity attributable to equity holders of the Company</b>	<u>798,823</u>	<u>777,279</u>	<u>498,386</u>	<u>500,393</u>
Non-controlling interests	51,409	51,595	-	-
<b>TOTAL EQUITY</b>	<u>850,232</u>	<u>828,874</u>	<u>498,386</u>	<u>500,393</u>
<b>LIABILITIES</b>				
<b>Non-current</b>				
Borrowings	1,811	4,891	-	-
Deferred capital grants	9,428	9,542	-	-
Deferred tax liabilities	26,945	25,847	84	84
Trade and other payables	15,282	16,100	-	-
	<u>53,466</u>	<u>56,380</u>	<u>84</u>	<u>84</u>
<b>Current</b>				
Trade and other payables	482,129	422,830	4,605	5,028
Borrowings	244,605	272,354	-	-
Deferred capital grants	229	229	-	-
Amounts owing to/advances from related parties	9,776	9,610	-	-
Amounts owing to shareholders of subsidiaries	36,484	34,277	-	-
Current tax payable	7,117	12,768	-	-
	<u>780,340</u>	<u>752,068</u>	<u>4,605</u>	<u>5,028</u>
<b>TOTAL LIABILITIES</b>	<u>833,806</u>	<u>808,448</u>	<u>4,689</u>	<u>5,112</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,684,038</u>	<u>1,637,322</u>	<u>503,075</u>	<u>505,505</u>

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

	As at 30 Sep 2020		As at 31 Mar 2020	
	Secured <sup>(1)</sup>	Unsecured <sup>(2)</sup>	Secured <sup>(1)</sup>	Unsecured <sup>(2)</sup>
	RMB'000	RMB'000	RMB'000	RMB'000
Amount repayable in one year or less, or on demand	239,184	26,489	267,088	24,621
Amount repayable after one year	400	1,411	511	4,380
	239,584	27,946	267,599	29,001

**Details of any collaterals**

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

	30 Sep 2020	31 Mar 2020	
	RMB'000	RMB'000	Description
<b>Bank borrowings</b>			
a)	48,000	88,000	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)	48,000	48,500	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.
e)	42,000	23,000	Granted to Fushun Yongmao, guaranteed by certain directors of the Company.
f)	30,000	30,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao and certain directors of the Company.
g)	10,000	10,000	Granted to Fushun Yongmao, guaranteed by the Company, Beijing Yongmao and a director of the Company and secured by bank deposit.
h)	6,769	9,519	Granted to Yongmao Machinery (H.K.) Company Limited ("Yongmao Hongkong"), guaranteed by the Company, certain directors of the Company and secured by certain tower cranes.
	224,769	249,019	
<b>Lease obligations</b>			
a)	1,004	1,266	In respect of motor vehicles and office equipment acquired under leases.
b)	13,811	17,314	In respect of tower cranes acquired under leases granted to Yongmao Hongkong.
	14,815	18,580	
	239,584	267,599	

The above borrowings are for working capital purposes.

**Note (2):** The unsecured borrowings include the followings:

- RMB18.4 million (31 March 2020 – 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 shareholders of subsidiaries" under current liabilities in the balance sheet.
- RMB1.0 million (31 March 2020 – RMB1.0 million), which was interest-bearing, was from related parties to Fushun Yongmao for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to/advances from related parties" under current liabilities in the balance sheet.
- RMB1.7 million (31 March 2020 – RMB Nil million), which was interest-bearing shareholder's loan from shareholders of Yongmao Cambodia for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to shareholders of subsidiaries" under current liabilities in the balance sheet.
- RMB6.8 million (31 March 2020 – RMB9.6), which was lease liabilities for the yard in Yongmao Hongkong.

**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 Half)	
	RMB'000	
	6 months ended 30 Sep 2020 (1H FY2021)	6 months ended 30 Sep 2019 (1H FY2020)
<b>Cash flows from operating activities</b>		
Profit before taxation	33,730	59,547
Adjustments for :		
Amortisation of deferred capital grants	(114)	(114)
Depreciation of property, plant and equipment	31,749	31,297
Loss/(Gain) on disposal of property, plant and equipment, net	292	(136)
Property, plant and equipment written off	-	545
Interest expense	7,415	8,839
Interest income	(780)	(705)
Exchange translation difference	(46)	226
<b>Operating profit before working capital changes</b>	<u>72,246</u>	<u>99,499</u>
Increase in inventories <sup>1</sup>	(67,148)	(38,373)
Increase in operating receivables	(35,463)	(38,490)
Increase/(Decrease) in operating payables	62,038	(1,156)
<b>Cash generated from operations</b>	<u>31,673</u>	<u>21,480</u>
Interest paid	(7,957)	(8,640)
Tax paid	(10,228)	(5,518)
<b>Net cash generated from operating activities</b>	<u>13,488</u>	<u>7,322</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,078)	(2,126)
Proceeds from disposal of property, plant and equipment	1,306	1,361
Repayment to shareholder of a subsidiary	(30)	(21)
Interest received	780	705
<b>Net cash used in investing activities</b>	<u>(3,022)</u>	<u>(81)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	92,000	80,000
Repayment of borrowings	(115,946)	(107,659)
Repayment of finance lease liabilities	(1,696)	(1,746)
Repayment of lease liabilities	(4,052)	(2,500)
Restricted bank balances	7,048	7,012
Receipt from/(Repayment to) related parties	-	(8,925)
Repayment to a director	-	(1,487)
Advances from shareholder of a subsidiary	1,760	-
Dividends paid to equity holders of the company	-	(13,420)
<b>Net cash used in financing activities</b>	<u>(20,886)</u>	<u>(48,725)</u>
Net decrease in cash and cash equivalents	(10,420)	(41,484)
Cash and cash equivalents at beginning of period	109,010	123,849
Exchange adjustments	(1,438)	2,466
<b>Cash and cash equivalents at end of period</b>	<u>97,152</u>	<u>84,831</u>

Note:

- Included in increase in inventories for 1H FY2021 of RMB32.0 million (1H FY2020: RMB18.0 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.

**Analysis of cash and cash equivalents**

	Group	
	RMB'000 30 Sep 2020	RMB'000 31 Mar 2020
Cash on hand	173	123
Bank balances	145,264	167,220
Fixed deposits	3,000	-
	148,437	167,343
Restricted bank balances	(51,285)	(58,333)
	97,152	109,010

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

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current year:</b>									
Balance as at 1 Apr 2020	312,484	(26,769)	69,441	40,354	372,018	9,751	777,279	51,595	828,874
Total comprehensive income/(expenses) for the period	-	-	-	-	24,884	(3,340)	21,544	(186)	21,358
Transfer to statutory common reserve	-	-	2,025	-	(2,025)	-	-	-	-
<b>Balance as at 30 Sep 2020</b>	<b>312,484</b>	<b>(26,769)</b>	<b>71,466</b>	<b>40,354</b>	<b>394,877</b>	<b>6,411</b>	<b>798,823</b>	<b>51,409</b>	<b>850,232</b>

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current year:</b>									
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	-	-	-	-	51,348	6,184	57,532	(3,745)	53,787
Transfer to statutory common reserve	-	-	7,231	-	(7,231)	-	-	-	-
Dividends	-	-	-	-	(13,420)	-	(13,420)	-	(13,420)
<b>Balance as at 30 Sep 2019</b>	<b>312,484</b>	<b>(26,769)</b>	<b>72,801</b>	<b>40,170</b>	<b>360,297</b>	<b>10,671</b>	<b>769,654</b>	<b>53,256</b>	<b>822,910</b>

Company	Share capital RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Current year:</b>				
Balance as at 1 Apr 2020	312,484	40,354	147,555	500,393
Total comprehensive expense for the period	-	-	(2,007)	(2,007)
<b>Balance as at 30 Sep 2020</b>	<b>312,484</b>	<b>40,170</b>	<b>145,548</b>	<b>498,386</b>

Company	Share capital RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Current year:</b>				
Balance as at 1 Apr 2019	312,484	40,170	132,446	485,100
Adjustment for Deferred Tax Liabilities <sup>1</sup>	-	-	9,343	9,343
<b>As restated at 1 Apr 2019</b>	<b>312,484</b>	<b>40,170</b>	<b>141,789</b>	<b>494,443</b>
Total comprehensive income for the period	-	-	(1,267)	(1,267)
<b>Balance as at 30 Sep 2019</b>	<b>312,484</b>	<b>40,170</b>	<b>140,522</b>	<b>493,176</b>

Note:

1. Retrospective adjustment made on deferred tax liabilities. Please refer to para 5 for more details.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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, subdivision, consolidation, 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 1H FY2021 or 1H FY2020.

There was no outstanding convertible, treasury share or subsidiary holdings as at 30 September 2020 (30 September 2019 – 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 2020	31 March 2020
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 2020 (30 September 2019 – 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 2020 (30 September 2019 – Nil).

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

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

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

Not applicable.

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

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. 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.

**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 Company**

*Prior Year adjustment – as at 1 April 2019*

Deferred tax liabilities

Pursuant to the PRC Corporate Income Tax Law and the tax treaty between the PRC and Singapore, a 5% withholding tax is levied on the dividends to the Company from the subsidiaries established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group made provision for deferred tax liabilities on withholding tax at 5% of all retained earnings subject to withholding taxes of its PRC subsidiaries.

As the undistributed earnings of subsidiaries are not consolidated at the Company level, it does not give rise to a taxable temporary differences at Company level. Therefore, a prior year adjustment was made retrospectively at the Company level in accordance to Para 38 of SFRS(1) 1-12 Income Taxes.

**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 Half)	
	RMB'000	
	6 months ended 30 Sep 2020 (1H FY2021)	6 months ended 30 Sep 2019 (1H FY2020)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	24,884	51,348
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	28.04	57.86
(b) On a fully diluted basis	28.04	57.86

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 2020	31 Mar 2020	30 Sep 2020	31 Mar 2020
Net asset value per ordinary share (RMB cents)	900.08	875.81	561.56	563.82

Net asset value per share for the Group and the Company for 30 September 2020 and 31 March 2020 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 Half FY2021 ("1H FY2021") vs First Half FY2020 ("1H FY2020")**

#### **Revenue**

The COVID-19 outbreak halted economic activities in the PRC and disrupted global supply chains. Amidst the COVID-19 pandemic, strict government containment measures were implemented in the PRC in the first quarter of 2020 to contain the spread of COVID-19 including cities lockdowns, travel restrictions, quarantine measures. Similar government containment measures and restrictions of movement were also implemented in many countries globally subsequently. The effect of these government containment measures meant that the business operations of many of our local and overseas customers and freight forwarders were also inadvertently disrupted, resulting in delays and/or postponement of deliveries of our products.

As a result, the Group's revenue decreased by 30.6% to RMB401.3 million in 1H FY2021 as compared to RMB578.7 million in 1H FY2020. Revenue decreased was from lower sales of tower cranes and components by RM183.1 million from RMB510.9 million in 1H FY2020 to RMB327.8 million in 1H FY2021. The decreased was partly offset by higher rental and service income of RMB5.8 million. The increase in rental income was mainly due to increase in rental projects in Hong Kong.

Amidst the COVID-19 pandemic, all sales segments reported significant lower sale, with the biggest drop in Asia (outside of PRC) and the PRC by RMB102.7 million and RMB52.1 million respectively.

Overall, sales in the PRC and Asia (outside the PRC) contributed to 66.4% and 24.3% respectively of the Group revenue in 1H FY2021.

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

In line with lower revenue, gross profit decreased by 38.2% to RMB103.3 million in 1H FY2021 from RMB167.2 million in 1H FY2020. The decrease can be explained by the lower average selling price resulting from the pricing sensitive and slack market condition. Furthermore, it was also attributable to higher production overhead cost absorbed due to lower production activities during the period under review.

Accordingly, average gross profit margin decreased to 25.7% in 1H FY2021 from 28.9% in 1H FY2020.

#### **Other income**

Other income increased by RMB2.5 million to RMB6.4 million in 1H FY2021 as compared to RMB3.8 million in 1H FY2020 was mainly due to government subsidies and rebates of RMB3.7 million received from the various authorities, as part of the financial assistance to help businesses tide through the pandemic.

Other income also includes interest income of RMB0.8 million and rental income of RMB1.3 million reported in 1H FY2021. Interest income mainly derived from deposit placed to secure trade facility while rental income pertains to sub-rental income from Hong Kong yard.

#### **Operating expenses**

Total operating expenses decreased 31.9% to RMB75.9 million in 1H FY2021 as compared to RMB111.5 million in 1H FY2020.

Distribution costs decreased 29.3% to RMB31.8 million in 1H FY2021 as compared to RMB45.0 million in 1H FY2020 mainly due to lower freight and transportation charges in line with lower sales.

Administrative expenses decreased 29.9% to RMB33.0 million in 1H FY2021 as compared to RMB47.1 million in 1H FY2020 mainly due to lower employee benefit costs resulted from waiver of employees' contribution fund by the PRC authorities as part of the financial aid to help companies tide through the pandemic. Transportation and entertainment expenses were also lower where activities were cut down during the period under review.

Other operating expenses decreased 64.9% to RMB3.7 million in 1H FY2021 as compared to RMB10.5 million in 1H FY2020. The decrease is mainly due to employee compensation of RMB8.2 million in correspondence to Beijing Yongmao factory relocation exercise in 1H FY2020. The decrease was partly offset by exchange loss of RMB2.4 million in 1H FY2021 as compared to an exchange gain of RMB5.4 million in 1H FY2020.

The exchange loss for 1H FY2021 arose mainly from:

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

Finance costs decreased 16.1% to RMB7.4 million in 1H FY2021 as compared to RMB8.8 million in 1H FY2020 due mainly to lower average borrowings and lower discounting charges on early realization of letter of credit from customers in 1H FY2021.

### **Taxation**

Income tax expense decreased to RMB6.7 million in 1H FY2021 as compared to RMB15.1 million in 1H FY2020 is in line with lower profits for the financial period under review.

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

The Group recorded a profit before taxation of RMB33.7 million in 1H FY2021 as compared to RMB59.5 million in 1H FY2020 mainly due to lower gross profit from lower revenue and lower operating expenses.

Net profit attributable to equity holders of the Company decreased to RMB24.9 million in 1H FY2021 from RMB51.3 million in 1H FY2020. This was mainly due to lower profit before taxation, offset by tax expense.

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

### **Non-current Assets**

Non-current assets decreased by RMB20.9 million to RMB552.6 million as at 30 September 2020 mainly due to lower property, plant and equipment. The decrease of RMB26.2 million in the Group's net carrying amount of property, plant and equipment was mainly attributable to the net depreciation charges and disposals, partially offset by increase in rental fleet.

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

### **Current Assets**

Current assets increased by RMB67.6 million to RMB1,131.4 million as at 30 September 2020 mainly due to higher inventories and higher trade and other receivables, partly offset by lower amount owing by related parties and lower cash and cash equivalents.

Inventories increased by RMB54.3 million to RMB446.5 million as at 30 September 2020 as compared to RMB392.2 million as at 31 March 2020. This higher inventory mainly due to the postponement in deliveries of our products affected by the pandemic. Delivery to Singapore, one of our major market outside of the PRC, has resumed in September 2020.

Trade and other receivables increased by RMB59.0 million to RMB491.3 million as at 30 September 2020. The increase is due to slower repayment from customers affected by the COVID-19 pandemic. The Group has collected the amount of approximately RMB81.4 million subsequent to the reporting period under review.

Amount owing by related parties decreased by RMB26.2 million to RMB42.3 million as at 30 September 2020 due to higher repayments over sales from related parties.

### **Non-current Liabilities**

Non-current liabilities decreased by RMB2.9 million to RMB53.5 million as at 30 September 2020 as compared to RMB56.4 million as at 31 March 2020 mainly due repayments of borrowings and lower trade and other payables; partly offset by higher deferred tax liabilities.

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 increased by RMB28.3 million to RMB780.3 million as at 30 September 2020 as compared to RMB752.1 million as at 31 March 2020 mainly due to higher trade and other payables and higher amount owing to shareholders of subsidiaries, partly offset by lower bank borrowings and lower tax payable.

Trade and other payables increased by RMB59.3 million mainly due to higher advances from customers of RMB25.9 million and higher bill payables of RMB31.2 million.

Amount owing to shareholder of subsidiaries increased resulted from interest bearing loans from shareholders of Yongmao Cambodia. The loan is for working capital purposes.

**Total Equity**

As at 30 September 2020, the Group's total equity amounted to RMB850.2 million. The increase was mainly due to total comprehensive income of RMB21.4 million for 1H FY2021.

**REVIEW OF CASH FLOW STATEMENT****1H FY2021 vs 1H FY2020**

The Group reported a net decrease in cash and cash equivalents amounting to RMB10.4 million in 1H FY2020 mainly due to:

- a) Net cash from operating activities of RMB13.5 million resulted mainly from operating profit before working capital changes and increase in operating payables, partly offset by increase in operating receivables, increase in inventories, interest and taxes paid;
- b) Net cash used in investing activities of RMB3.0 million mainly from acquisition of property, plant and equipment, partly offset by interested received and proceeds from disposal of property, plant and equipment; and
- c) Net cash used in financing activities of RMB20.9 million mainly from net repayment for bank borrowings and finance lease creditors and repayment of lease liabilities, partly offset by higher restricted bank balances and advances from shareholder.

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

In paragraph 10 of the Company's Full Year FY2020 results announcement, the Company stated that "The COVID-19 outbreak is expected to dampen growth prospects for 2020. The Group has continued to experience lower sales in the recent months. The financial performance of the Group for the first half of FY2021 is expected to be lower as compared to the corresponding period in FY2020." Therefore, the current results are in line with the Company's commentary in paragraph 10 of its previous results announcement.

**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 GDP expanded 4.9% in the July-to-September quarter compared to the same period in the prior year. China was the first major economy to recover from the effects of the COVID-19 pandemic in 2020. China's containment of the virus has been relatively successful following enforced stringent lockdown, massive COVID-19 test and population tracking policies.

The Group's two production facilities are slowly resuming normal production in second half of the year. Within China, the Group is gradually catching up on its deliveries and orders previously affected by the lockdown. However, Chinese consumption remained a drag while uncertainty persisted about the ability of other countries to control the coronavirus pandemic and return to economic growth, which may lead to a slow recovery to pre COVID-19.

Outside China, many of the major economies in the world continue to struggle to contain the COVID-19 virus, resulting in many of these economies sinking into economic recession. These countries which have loosen its containment measures earlier are facing new wave of infection and lockdown measures.

The ongoing tensions between the US and China is also causing uncertainties amid this challenging time.

Meanwhile, in the Group's major markets, i.e. Singapore and Hong Kong, have brought the COVID-19 pandemic under controls. Delivery of goods has gradually resumed in September 2020.

The Group remains vigilant and committed in exercising cost discipline and will take necessary remedial actions, where possible.

The Company will continue to provide updates on material developments relating to the Company and the Group, as and when appropriate.

**11. If a decision regarding dividend has been made**

**(a) Whether an interim (final) ordinary dividend had been declared (recommended); and**

No dividend has been declared or recommended for the 1H FY2021.

**(b) (i) Amount per share (cents)**

No dividend has been declared or recommended for the 1H FY2021.

**(ii) Previously correspondence period (cents)**

No dividend has been declared or recommended for the 1H FY2020.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable

**(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend payable.**

Not applicable.

**12. If no dividend has been declared/(recommended), a statement to that effect and the reason(s) for the decision.**

Dividends are declared on an annual basis for the full year results ending 31 March.

**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 2020 (1H FY2021) 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 2020 (1H FY2021) RMB'000
<b>Sales to interested persons</b>		
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	-	7,094
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	6,166
Jiangsu Zhongjian Tat Hong Equipment Rental Co., Ltd. (江苏中建达丰机械租赁有限公司)	-	(1,216)
Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	1,476	-
<b>Purchases from related parties</b>		
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	601	-
<b>Rental charged by related party</b>		
Fushun Yongmao Engineering Machinery Co., Ltd. (抚顺永茂工程机械有限公司)	2,752	-

**14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

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 six months ended 30 September 2020 to be false or misleading in any material aspect.

Sun Zhao Lin  
Executive Director

Tian Ruo Nan  
Executive Director

**15. 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.

**16 Disclosure pursuant to Rule 706A of the Listing Manual**

During the first half of FY2021 and as at the date of this announcement, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, 2H or Half Year Results)

17. **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
<b>FY2021</b>					
- 1H	266,673	97,558	9,170	27,947	401,348
<b>FY2020</b>					
- 1H	318,820	200,277	18,332	41,235	578,664

18. **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.

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

Not applicable.

20. **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.

21. **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.

BY ORDER OF THE BOARD

Tian Ruo Nan  
Chief Executive Officer  
11 November 2020