永茂控股

Yongmao Holdings Limited

Annual Report 2015

CONTENTS

ABOUT YONGMAO

Since 1992, our Group has been involved in the design, development and manufacture of wide range of towercranes, components and accessories. Sold mainly to construction equipment distributors and equipment rental companies in overseas markets and to similar companies in the People's Republic of China (the "PRC"), our tower cranes are now exported to over 70 countries around the world.

Our towercranes are well established and have been deployed in many prominent projects in the PRC and overseas. Our brand name "Yongmao" is recognised as a "Chinese Well-Known Brand" (中国驰名商标) in the PRC.

We currently offer a variety of towercranes with lifting capacities in the range of 80 to 2500 tonnes and these are broadly classified under the four main series below:

- Topless STT series,
- ST series,
- Luffing STL series,
- Derrick Q series.

Our long term investment in research and development have enhanced our ability to compete effectively in our industry. Since we commenced manufacturing towercranes, our research and development team has successfully designed and developed about 60 models and sub-models of towercranes. This in house capability has not only broadened our product range but also helped us remain competitive and respond more quickly to market needs.

Our established track record in the PRC include many important and prominent projects such as:

- China National Opera House in Beijing,
- Qinshan Nuclear Power Station,
- New terminal for Beijing International Airport,
- Shanghai South Railway Station,
- Changjiang River Bridge,
- Fujian LNG Project,
- Beijing Olympic Village & Sports Hub,
- Expo 2010 Shanghai.

In the overseas markets, our towercranes were deployed in a number of significant projects such as:

- Imperial Wharf, UK,
- 22 Marsh Wall (The Landmark), London, UK,
- City of Dreams casino, Macau,
- Studio City, Macau,
- Kai Tak Cruise Terminal, Hong Kong,
- AZ – St. Jan General Hospital, Brugge, Belgium,
- Gold Coast University Hospital, Australia.

We have a high level of expertise and experience required for design and development of towercranes, a strong track record and a wide customer base. We have also achieved various safety standards prescribed for cranes by different countries and the required certifications and approvals for export and deployment in these countries.

OUR PRODUCTS & MANUFACTURING FACILITIES

PRODUCTS

Our products are used mainly in construction sites, infrastructure projects and in the shipbuilding industry. Our towercranes are broadly classified into 4 series namely ST series, Topless STT series, Derrick Q series and Luffing STL series.

MANUFACTURING FACILITY AND PROCESS

Our production facilities are located in the PRC, namely Fushun City, Liaoning Province, and Beijing City. Our latest state-of-the-art manufacturing facility in Fushun City incorporates modern manufacturing process flow, robotic welding arms and other high-tech machineries. With a stringent quality assurance system in place, we are generally able to deliver a towercrane within 30 to 90 days.

The ST towercranes are suitable for use in construction sites of all sizes. Introduced in 2000, the ST towercranes feature a conventional structural design where the tower head and tie bar reduces stress on the jib.

First introduced in 1999, the Topless STT's design features a streamlined jib design and no tower head, which minimises space to allow jib overflight of adjourning towercranes in a worksite. This makes the Topless STT towercranes particularly suitable for worksites with space constraints. The Topless STT towercranes are also designed to erect and dismantle quickly to save time which results in cost savings.

First sold in 2004, the Luffing STL towercranes offer a small slewing working radius due to a variable jib angle. This feature makes the Luffing STL towercranes particularly suitable for use in worksites that are surrounded by existing tall buildings or where jibs are not allowed to sail over existing buildings.

A towercrane under the Derrick Q series was successfully developed in 1998. The Derrick Q towercranes are designed for dismantling internal climbing towercranes in a safe and reliable manner. They are installed on the completed roof-tops of buildings and can be assembled and dismantled by hand.

OUR GLOBAL PRESENCE

NORTH AMERICA
United States

SOUTH AMERICA
Brazil
Chile
Columbia
Ecuador
Panama

EUROPE
Austria
Belgium
Finland
France
Germany
Holland
Hungary
Ireland
Poland
Romania
Russia
Turkey
Ukraine
United Kingdom

Extending Our Reach to Cater to Greater Customers' Needs

AFRICA

Angola
Libya
Mauritius
Nigeria
Rwanda
South Africa
Tanzania
Tunisia
Zambia

MIDDLE EAST

Bahrain
Iran
Iraq
Israel
Jordan
Kuwait
Oman
Qatar
Saudi Arabia
Syria
UAE
Yemen

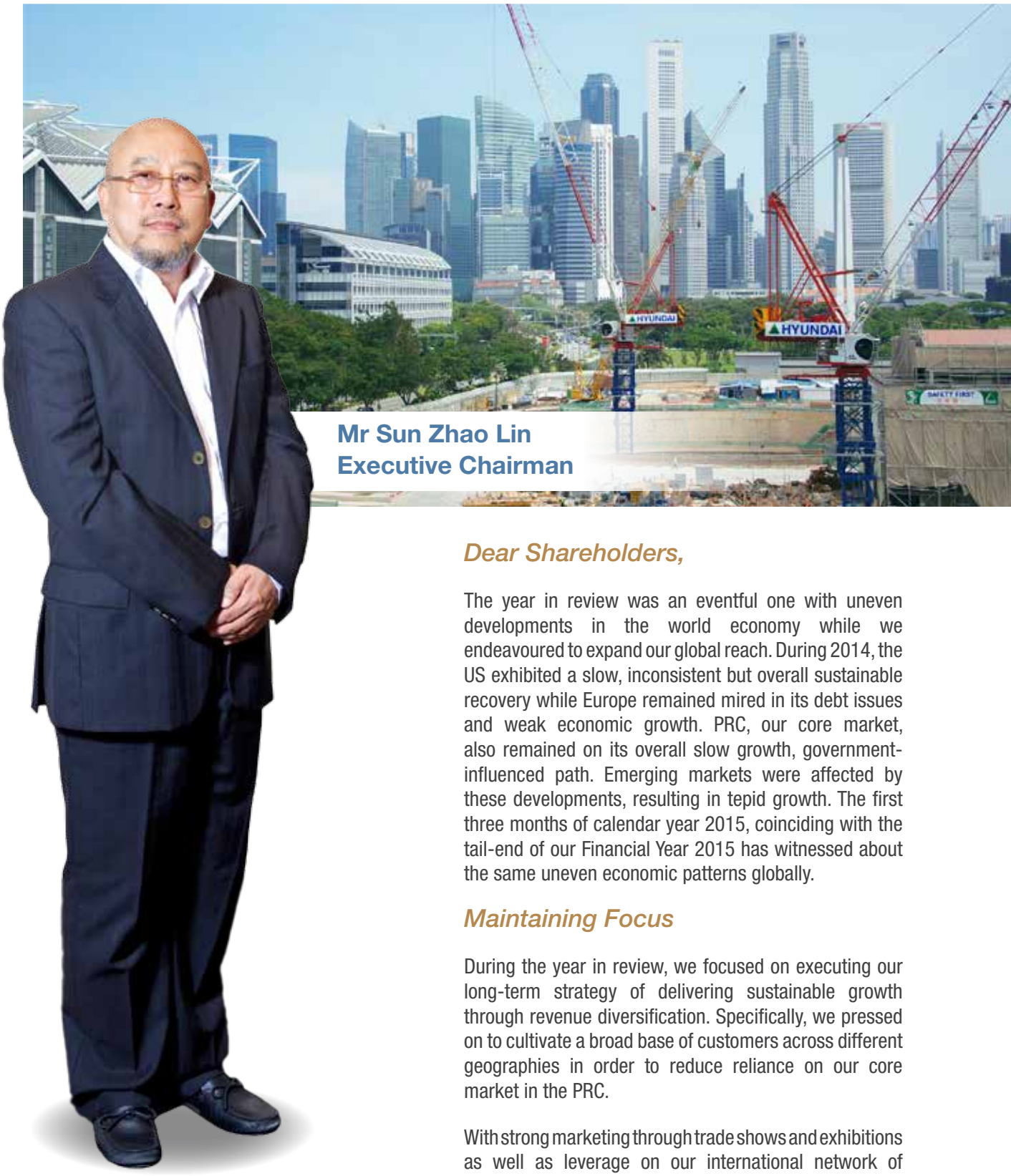
ASIA

Afghanistan
Azerbaijan
China
Hong Kong
India
Indonesia
Laos
Macau
Malaysia
Myanmar
Pakistan
Philippines
Singapore
South Korea
Sri Lanka
Taiwan
Thailand
Vietnam

AUSTRALIA

Australia
New Zealand

CHAIRMAN'S STATEMENT



Mr Sun Zhao Lin
Executive Chairman

Dear Shareholders,

The year in review was an eventful one with uneven developments in the world economy while we endeavoured to expand our global reach. During 2014, the US exhibited a slow, inconsistent but overall sustainable recovery while Europe remained mired in its debt issues and weak economic growth. PRC, our core market, also remained on its overall slow growth, government-influenced path. Emerging markets were affected by these developments, resulting in tepid growth. The first three months of calendar year 2015, coinciding with the tail-end of our Financial Year 2015 has witnessed about the same uneven economic patterns globally.

Maintaining Focus

During the year in review, we focused on executing our long-term strategy of delivering sustainable growth through revenue diversification. Specifically, we pressed on to cultivate a broad base of customers across different geographies in order to reduce reliance on our core market in the PRC.

With strong marketing through trade shows and exhibitions as well as leverage on our international network of business partners, we secured robust growth in regions

outside the PRC such as Africa, the Middle East, Europe and Asia (ex-PRC), growing revenue by 535.7%, 53.7%, 29.2% and 20.5% respectively. There was especially strong demand for our products and services in Macau and Hong Kong, the Middle East, Finland, Myanmar and Malaysia. The revenue boost from Hong Kong and Macau was chiefly due to higher rental and service income from casino and infrastructure projects.

PRC sales decreased by 34.9% to RMB 388.1 million due to the ongoing weakness in the property market, partly caused by government-imposed cooling measures over the past few years. As a percentage of Group sales, PRC contributed about half or 49.6% of revenue in FY2015 as compared to 65.5% of revenue in FY2014. Asia (ex-PRC) formed our second largest market, composing 34.8% of revenue in FY2015, an improvement over the 24.9% contribution in the previous fiscal year. In total, Group sales declined 13.9% to RMB 783.0 million.

Our Group's gross profit moderated slightly by 1.1% to RMB 245.4 million in FY2015, from RMB 248.1 million in FY2014. This decrease was mainly due to lower revenue, partly offset by higher average gross profit margin in FY2015. The decrease in gross profit was also offset by accounting recognition of unrealised profits of RMB 14.5 million in Q1FY2015 from the previous sale of towercranes and towercrane accessories to associated companies.

In terms of our profit performance, what was commendable was our ability to increase gross profit margin by 4%, from 27.3% in FY2014 to 31.3% during the year in review, despite the moderation in gross profit. This was due to higher overseas sales contribution and improved income from our rental and service business, coupled with lower provision for stock obsolescence during the year in review. We are also seeing growing demand for bigger and higher lifting capacity towercranes because of global trends towards use of more pre-cast modular structures and more environmentally-friendly, noise and dust-reducing construction methods. This results in the requirement for increasingly eco-friendly efficient cranes with higher load lifting capabilities.

Profit before taxation increased 26.8% to RMB 93.0 million in FY2015 from RMB 73.3 million in FY2014 mainly due to a few exceptional items: a RMB 12.1 million gain on restructuring; cessation of gain on a bargain purchase of subsidiaries of which RMB 0.61 million was recognised in the previous year; and unrealised profits of RMB 14.5 million from sale of towercranes and towercrane accessories to associated companies recognised upon completion of the restructuring. Excluding them, profit before taxation would have decreased by 8.6% to RMB 66.5 million while net profit attributable to shareholders would have decreased 28.3%. Including the exceptional items, net profit attributable to shareholders strengthened 22.5% to RMB 62.9 million.

Reinforcing our Technical Expertise

Developing our own state-of-the-art towercranes is an important aspect of our business and in line with our strategy of building and leveraging our brand reputation. Our research and development team is composed of more than 30 designers and engineers and they have to date designed and produced a product range of about 60 models and sub-models since we commenced manufacturing.

In keeping with international safety norms, we have obtained various required safety standards and certifications for cranes in different countries before despatching them to various locations worldwide. We have also been nationally recognised and accredited by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of the PRC as a first-rate towercrane manufacturer. Yongmao is also one of the first approved towercrane manufacturers for the building of nuclear power plants in the PRC, an advantage and accolade we are pleased to have as the market competition rises.

During the bi-annual BAUMA CHINA 2014, 7th International Trade Fair for Construction Machinery, Building Material Machines, Construction Vehicles and Equipment held in Shanghai last November, we launched 2 models of the mega-size towercrane, namely STT2200 and STL1460C, which have a maximum lifting capacity of 100 tonnes and 64 tonnes respectively. These self-designed cranes are the results of the research and development efforts of the Group and have received good market reviews with regards to its high international standard product quality and design.

Moving ahead, we seek to augment our strengths through the production of top-grade in-house products and services. We aim to maximise the potential of our people and our production facilities which are fully equipped with integrated automation and a strict quality assurance system to meet the modern demands of our industry.

Moving Forward

As we move into the new financial year, we note the mixed challenges faced by the global economy. According to the International Monetary Fund in its April 2015 update of its World Economic Outlook, the global economy continues to experience uneven developments, with an overall improving US economy, but on the other hand, a slowing growth in the PRC and a weak though gradually improving Europe still grappling with its sovereign debt problems and high unemployment. Emerging markets look set to experience moderate growth due to uneven, diminished prospects from larger economies and lowered oil prices impacting oil-exporting nations. 2015 global growth is projected to be 3.5%.

The Chinese economy registered a slow 7% GDP growth in the first quarter of calendar year 2015, due partly to the ongoing property slump and slowdown in investment growth. PRC has been rebalancing its economy from an investment-driven model to a consumption-driven one, and the investment slowdown has impacted key sectors such as construction and property, translating into reduced demand for construction equipment. The Chinese government has also recently announced in May 2015 another round of interest rate cuts in six months to stimulate the moribund economy. Prior to this, the government lowered the minimum down payment on second home deals to 40 percent from 60 percent in March 2015. It will take some time for the effects of these measures to be realised.

Nonetheless, some industry developments in the PRC augur well. New projects require larger, more efficient towercranes. This is partly to save on rising labour costs. With our established imprint in our main market, we aim to leverage on this demand.

Meanwhile, prospects for Southeast Asia markets are mixed. Countries like Malaysia will likely see an increase in construction activities while the construction sector in Singapore remains challenging with government measures to rein in the erstwhile frothy property market still in place.

In East Asia, we anticipate continued sales and rental of towercranes in Hong Kong but foresee lesser rental activity in Macau following completion of various casino projects in 2015.

Developing Opportunities & Managing Risks

In North America, prospects are improving as we note an increase in replacement demand with the recovery of the region. The crane fleets prevalent there are mainly large cranes. With our specialty in larger crane types, and our growing record in servicing key projects globally, we see good opportunities here as we enter the new financial year.

In Taiwan, new residential and infrastructure projects that use pre-cast construction require larger, more sophisticated and bigger towercranes and increasing

attention on worker and public safety will likely lead to more demand for new cranes in Taiwan. As for Australia, governmental planned major investment in infrastructure will likely lead to more opportunity for construction equipment and we look to secure more projects in line with the various developments.

Against such a change-filled, dynamic background, we believe the outlook is mixed and challenging. We must consider all avenues to gain traction, especially in new and growing markets. Nonetheless, we must maintain a healthy dose of caution, build on our strengths and seek partners where partnerships could place us in a better marketing position.

As we navigate the uneven business terrain, controlling costs, monitoring debt levels and seeking productive methods and processes must complement our business development and marketing. Where we can, we will also out-source production of certain product parts, in order to prevent bottle necks. As a global marketer of towercranes, we use the US Dollar, Chinese Yuan, Singapore Dollar and the Euro in our operations. With the weakening of the Euro, we aim to reduce usage of this currency.

Dividend & Acknowledgments

At this juncture, on behalf of the Board, allow me to extend a word of thanks to our directors, management and staff, in Singapore, Hong Kong, Macau and the PRC, for their contributions over the past year. We would also like to extend our appreciation to our business associates, joint venture partners and shareholders. Your continued trust and support has enabled our development worldwide.

As a reward to our shareholders, we are proposing a final dividend of 0.60 cents per ordinary share as well as a special dividend of 0.20 cents per ordinary share. This amounts to a total of 0.80 cents per ordinary share to be approved at the upcoming Annual General Meeting.

We have made good progress over the past year despite the changes in our global business environment. Our strategy to expand our international base of customers and employ a range of tactics including joint-ventures, rental and in-house product development has benefitted our Group and enabled our steady progress as an established entity in the towercrane and construction industry. We look forward to further build on these platforms in the year ahead.

Sun Zhao Lin
Executive Chairman

OPERATIONS REVIEW

Ms Tian Ruo Nan
Chief Executive Officer

Income Statement

For the financial year ended 31 March 2015 ("FY2015"), the Group registered a 13.9% year-on-year ("yoy") decline in revenue at RMB 783.0 million compared to RMB 909.6 million for FY2014. The decrease in revenue was mainly attributable to weaker demand in the PRC market, whereby sales fell by 34.9% over the year amid the ongoing property slowdown in several cities in the region.

However, the decline was partially offset by stronger sales in Africa, Middle East, Europe, and other countries in Asia outside the PRC. Sales in Africa and the Middle East grew by 535.7% and 53.7% respectively due to higher demand for our construction equipment and services in these geographical segments. Meanwhile, sales in Asia (outside the PRC) have increased by 20.5% due to higher sales in Macau, Hong Kong, Myanmar, and Malaysia. Higher rental and service income from infrastructure development and casino projects have led to improved sales in Macau and Hong Kong.

Overall, PRC sales still formed the largest market of the Group, amounting to 49.6% of total revenue for FY2015 as compared to 65.5% for FY2014, The second largest group was Asia (ex-PRC), contributing 34.8% of revenue in FY2015 as compared to 24.9% of revenue in FY2014.

Gross profit decreased 1.1% to RMB 245.4 million in FY2015 from RMB 248.1 million in FY2014. The decrease was mainly due to lower revenue, partly offset by higher average gross profit margin and accounting recognition of unrealised profits of RMB 14.5 million in Q1 FY2015 from previous sale of towercranes and accessories to associated companies. This was realised upon disposal of the associated companies in accordance with FRS 28-Investments in Associates and Joint Ventures. Average gross profit margin increased to 31.3% in FY2015 from 27.3% in FY2014. This improvement was from higher overseas sales and rental and service income which generated a higher gross profit margin, and lower provision for stock obsolescence during the financial year.

Other income increased 255.1% to RMB 15.0 million in FY2015 mainly due to the gain of RMB 12.1 million upon completion of the restructuring with Tat Hong Holdings Ltd per our announcement dated 30 April 2014. Both Tat Hong Zhaomao Investment Co., Ltd. and Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (together with Sichuan Tat Hong Yuanzheng Machinery Construction Co., Ltd.) ceased to be the associated companies of the Company and the Group. The Company and the Group now hold 11.6% of the enlarged share capital of Tat Hong Equipment (China) Pte Ltd which is classified as non-current available-for-sale financial assets at its fair value. In addition, gain on disposal of property, plant and equipment increased because of the sale of plant and machinery and motor vehicles during the financial year. These increases were partly offset by lower interest income and sale of scrap materials in FY2015. In addition, there was no gain from bargain purchases of subsidiaries and no government grant received in FY2015.

Total operating expenses decreased by 6.6% to RMB 167.5 million in FY2015 as compared to RMB 179.3 million in FY2014, primarily as a result of lower administrative expenses and lower other operating expenses.

Distribution costs increased 5.6% to RMB 58.6 million in FY2015 as compared to RMB 55.5 million in FY2014 due to the full year effect of employee costs and depreciation expenses from the newly acquired subsidiaries, Eastime Engineering Limited and Eastime Engineering (Macau) Co., Ltd since October 2013. This was partly offset by lower freight and transportation cost as a result of lower sales.

Administrative expenses decreased by 11.5% to RMB 78.6 million in FY2015 due to lower bonus expense, partly offset by the full-year effect from the newly-acquired subsidiaries.

Other operating expenses decreased 28.2% to RMB 8.9 million in FY2015 mainly due to exchange gain, lower property, plant and equipment written off and allowance for impairment of trade receivables in FY2015 as compared to FY2014. This decrease was partially offset by higher bank charges.

There was no share of results of associated companies in FY2015 as the associated companies ceased to be the associated companies of the Group in April 2014 upon the completion of the restructuring.

Profit before taxation increased 26.8% to RMB 93.0 million in FY2015 from RMB 73.3 million in FY2014, mainly due to the gain on restructuring and recognition of unrealised profits from sale of towercranes and towercrane accessories to associated companies upon completion of restructuring.

Excluding such exceptional items, the profit before taxation decreased 8.6% to RMB 66.5 million in FY2015 from RMB 72.7 million in FY2014 mainly due to lower revenue resulting in lower gross profit, lower other income and cessation of share of profits of associated companies for the financial year. This was partly offset by lower operating expenses.

On the same basis, excluding such exceptional items, the net profit attributable to equity holders of the Company decreased 28.3% to RMB 36.3 million in FY2015 from RMB 50.7 million in FY2014, mainly due to lower profit before taxation excluding exceptional items and higher profits attributable to non-controlling interests, partly offset by lower income tax expense.

Statement of Financial Position

Non-current Assets

Non-current assets increased by RMB 15.3 million to RMB 545.0 million as at 31 March 2015 mainly due to the investment in Tat Hong Equipment (China) Pte Ltd classified as available-for-sale financial assets at its fair value upon the completion of the restructuring and property, plant and equipment acquired. Fair value gains of RMB 0.8 million on the available-for-sale financial assets was recognised as at 31 March 2015.

Current Assets

Current assets decreased by RMB 202.5 million to RMB 897.0 million as at 31 March 2015 mainly due to lower amounts owing by related parties, inventories and deferred costs. This was partly offset by higher trade and other receivables.

Amounts owing by related parties decreased by RMB 84.2 million due to lower sales made and payments received from related parties during the financial year.

Inventories decreased by RMB 51.9 million mainly because of the self-constructed towercranes used for rental purposes transferred to property, plant and equipment, provision for stock obsolescence and lower purchases during the financial year.

Trade and other receivables increased by RMB 29.9 million mainly due to slower payments by customers.

Non-current Liabilities

Non-current liabilities decreased by RMB 122.3 million to RMB 62.5 million as at 31 March 2015 mainly due to reclassification of borrowings that are due within 12 months to current liabilities and lower deferred income due to repayment by customers to financial institutions. These were partly offset by higher deferred capital grants and deferred tax liabilities.

Current Liabilities

Current liabilities decreased by RMB 130.3 million to RMB 743.7 million as at 31 March 2015 mainly due to decrease in trade and other payables, deferred income and borrowings. Trade and other payables decreased by RMB 65.0 million mainly due to lower trade and bills payables in line with the lower purchases, and lower advance payments by customers as a result of lower sales. The decrease in deferred income was mainly due to repayment by customers to financial institutions.

Total borrowings decreased by RMB 131.7 million mainly due to repayments of borrowings during the financial year. The impact on the decrease in current borrowings was partly offset by borrowings classified from non-current liabilities.

Total Equity

As at 31 March 2015, the Group's total equity amounted to RMB 635.8 million. The increase was mainly due to net profits of RMB 77.9 million for FY2015, partly offset by dividends paid.

Statement of Cash Flows

The Group reported a net decrease in cash and cash equivalents amounting to RMB 79.5 million in FY2015 mainly due to:

a. Net cash generated from operating activities in FY2015 of RMB 101.0 million mainly from decrease in operating receivables due to lower sales and receipts from related parties, partly offset by decrease in operating payables as a result of lower purchases in line with the lower sales;

b. Net cash used in investing activities of RMB 18.6 million mainly from renovation and purchases of plant structure, machinery and motor vehicles, partly offset by government grants received relating to the acquisition of land use rights, sales proceeds received mainly from the disposal of machinery and receipt from corporate shareholder of a subsidiary; and

c. Net cash used in financing activities of RMB 162.0 million mainly from net repayment of borrowings, repayment of advances to related parties and dividends paid.

Conclusion

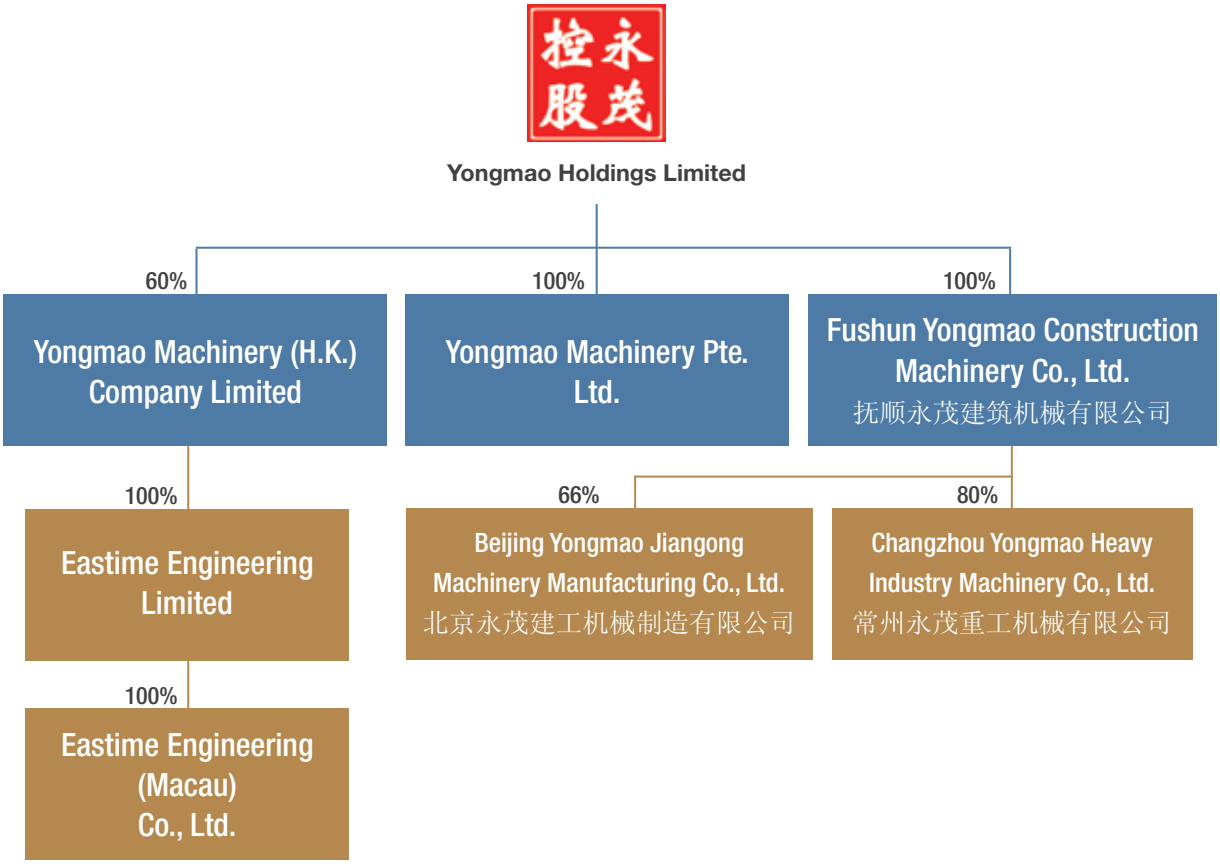
Amid a property slowdown in our core market in the PRC, we were able to retain about the same gross profit as the year before—just a slight moderation of 1.1% over the year in review. We also recorded an increase in net profit over the last financial year. Meanwhile, we continue to enhance our management capabilities and diversify our business in the emerging markets through the seizing of opportunities and formation of strategic alliances.

With focus and energy, the Group's active presence in various geographical regions enabled us to continue developing our brand reputation, increase our sales presence into the new geographical markets. Working together with our business partners, we are well-poised for the year ahead.

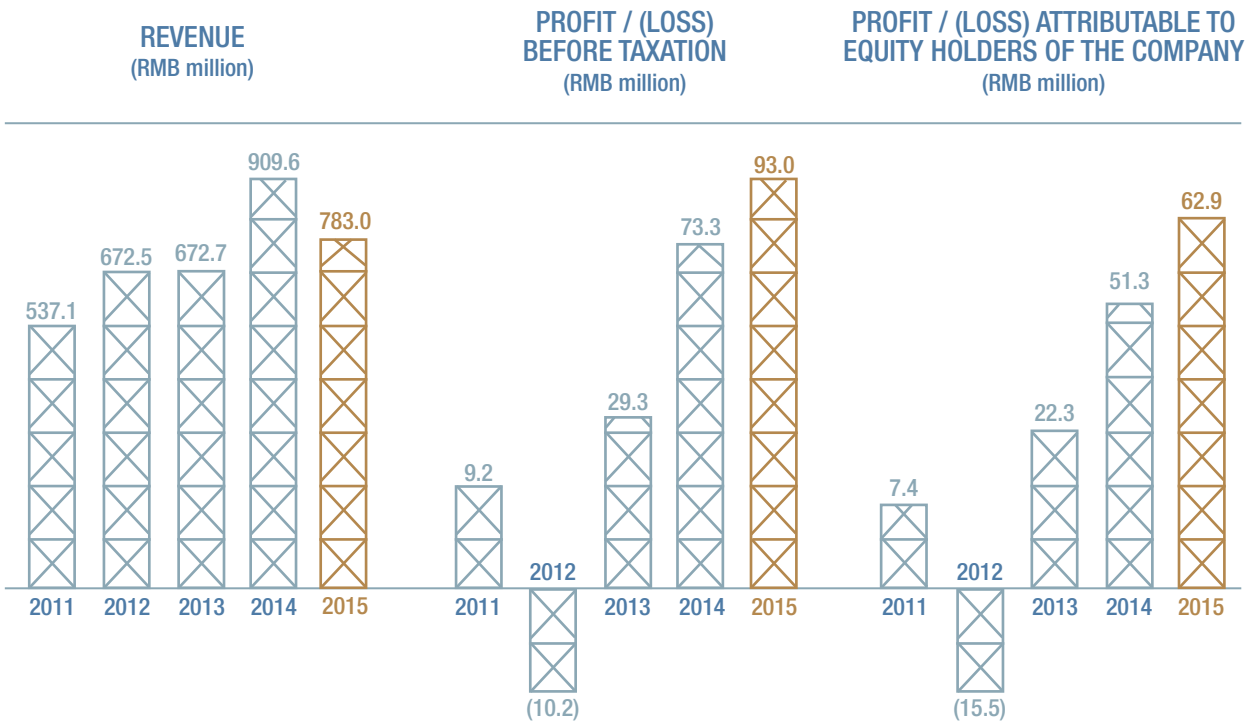
Tian Ruo Nan
Chief Executive Officer

CORPORATE STRUCTURE

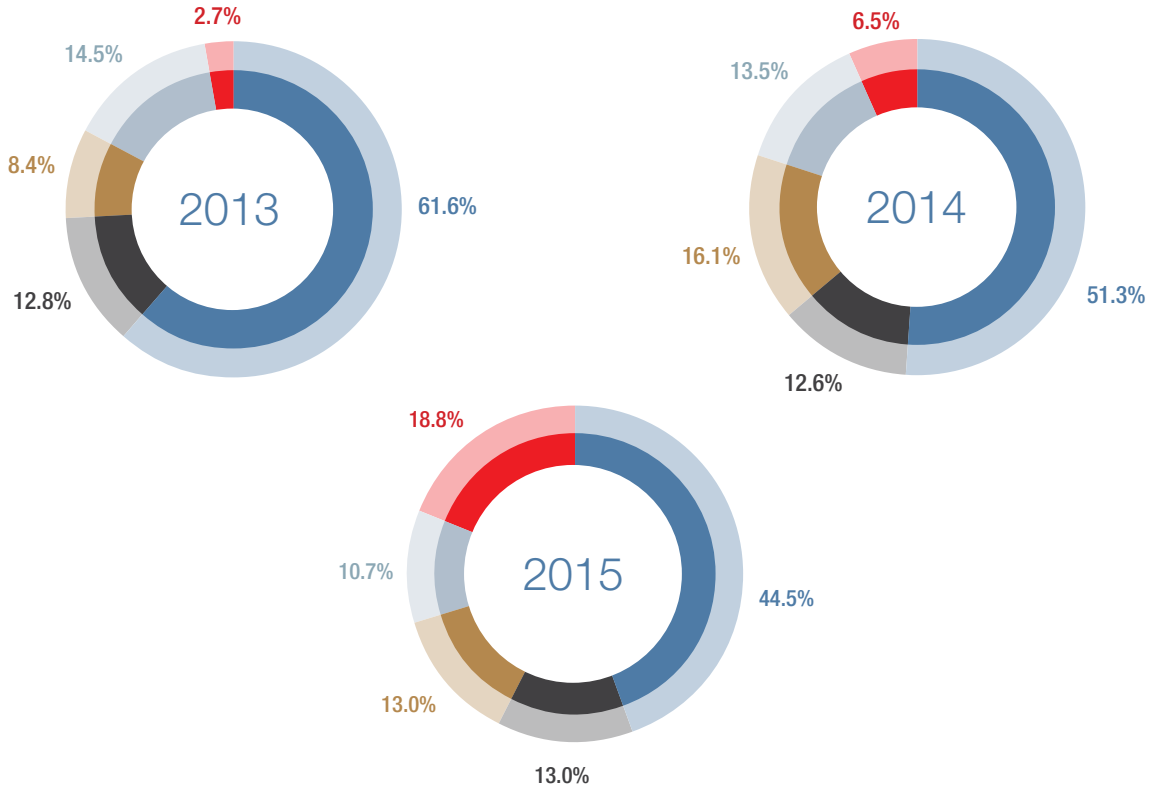
as at 31 March 2015



FINANCIAL HIGHLIGHTS



REVENUE BREAKDOWN BY PRODUCTS (%)



Topless STT ST Luffing STL Components, Accessories and Others Rental and Service Income

BOARD OF DIRECTORS

1. Mr Sun Zhao Lin
2. Ms Tian Ruo Nan
3. Mr Ng San Tiong
4. Mr Sun Tian
5. Mr Chua Kee Lock
6. Mr Ho Chew Thim
7. Dr Steve Lai Mun Fook

MR SUN ZHAO LIN
Executive Director and Chairman

Mr Sun Zhao Lin is our Executive Chairman. He is the founder of our Group and was appointed to our Board on 3 August 2005. Mr Sun is responsible for the formulation and execution of overall business strategy and policies and future direction as well as the overall management of our Group. He has more than 15 years' experience in the crane manufacturing industry. He started his career as a sales representative at Fushun No. 4 Chemical Plant (抚顺市化工四厂). Mr Sun graduated from Liaoning Correspondence Party School (辽宁刊授党校) in 1998 having majored in Economics. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Engineer) (专业技术职称证书 (高级工程师)) from the Liaoning Provincial Personnel Department (辽宁省人事厅). In 2005, he received the Liaoning Province Outstanding Business Entrepreneur award (辽宁省优秀民营企业家) from the Liaoning Province Small-Medium Enterprise Association (辽宁省中小企业联合会). In 2006, Mr Sun received the "Model Labour Award for Year 2005" (2005年度劳动模范) and the "Liaoning Province Model Labour Award" from Shuncheng District People's Government (顺城区人民政府) and Liaoning Province People's Government (辽宁省人民政府) respectively. In 2011, he was awarded the Outstanding Contribution Award (抚顺市杰出贡献奖) by Fushun Municipal Government. (抚顺市政府). In 2012, he was awarded the Outstanding Contribution Award for the Year (2012年度支持商会建设突出贡献奖) by Fushun Municipal Association of Industry and Commerce/Fushun Municipal General Chamber of Commerce (抚顺市工商业联合会/抚顺市总商会). In 2014, he was awarded the Outstanding Entrepreneurs Honorary Award (抚顺市优秀企业家荣誉称号) by Fushun City Federation of Trade Unions (抚顺市总工会).

Mr Sun is currently Vice President of the Liaoning General Chamber of Commerce (辽宁省总商会副会长).

MS TIAN RUO NAN
Executive Director and Chief Executive Officer

Ms Tian Ruo Nan is our Chief Executive Officer. She is a co-founder of our Group and was appointed to our Board on 28 December 2007. Ms Tian is responsible for and oversees the day-to-day management of our Group. She has more than 15 years' experience in the crane manufacturing industry. Ms Tian started her career as a laboratory technician at Fushun No. 4 Chemical Plant (抚顺市化工四厂) in December 1977. Ms Tian graduated from Dongbei Normal University (东北师范大学) in 1999 having majored in Economics. She received the "Model Worker" (劳动模范) award for 2004 and 2005 from Shuncheng District People's Government (顺城区人民政府) and the "Fushun Foreign Investment Enterprise Outstanding Business Entrepreneur" award for 2006 and 2008 from Fushun Municipal People's Government (抚顺市人民政府). In 2008, she was awarded the "Bohai Region Outstanding Woman Entrepreneur Award" (环渤海区域杰出创业女性) by Liaoning Province Women's Federation (辽宁省妇联). In 2009, she was also awarded the "Top 10 Most Outstanding Woman Award" (十大杰出女性) by Fushun Municipal Women's Federation (抚顺市妇女联合会). In 2010, she was awarded the Woman's Award Winner (三八红旗手) by Liaoning Provincial Women's Federation (辽宁省妇联), "The Heroine" (巾帼英雄) award by Liaoning Provincial Trade Union (辽宁省总工会) and the Good builder of Socialism with Chinese characteristics (优秀中国特色社会主义建设者) by Fushun Municipal Association of Industry and Commerce (抚顺市工商联合会). In 2011, she was named the National Woman's Award Winner (全国三八红旗手) by the China Women's Federation (全国妇联). In 2012, she was named "Supervisor of the Government's Work Style in Quality Supervision Bureau" (质量监督局风行监督员). In 2013, she was awarded "National 1st May Women Pacesetter" (全国五一巾帼标兵2013年) by the All-China Federation of Trade Union (中华全国总工会). In 2012 and 2014, she was named the Outstanding Leader in National Construction Machinery & Elevator Industry QC Group (全国建机与电梯行业质量管理小组活动卓越领导者) by the China Quality Association Construction Machinery Industry Branch (中国质协建设机械行业分会).

Ms Tian is currently a representative of the 12th People's Congress of Liaoning Province (辽宁省第十二届人民大会代表).

MR NG SAN TIONG
Non-Executive Director and Deputy Chairman

Mr Ng San Tiong is our Deputy Chairman and Non-Executive Director and was appointed to our Board on 28 June 2007.

Mr Ng is the Managing Director of one of the world's largest crawler crane rental company, Tat Hong Holdings Ltd and he is vastly experienced in the areas of corporate management, business development and business management. He sits on the board of Tat Hong Holdings Ltd as well as its regional subsidiaries and associates

across Malaysia, Indonesia, Australia and China. He also holds directorships in several listed companies in Singapore including CSC Holdings Limited and Intraco Limited.

In addition, Mr Ng is the Vice-President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member on the Board of Directors of the Business China and a member on the Board of Trustees of the Chinese Development Assistance Council (CDAC).

Mr Ng graduated with a Bachelor of Science (Honours) Degree from Loughborough University, College of Technology, in the United Kingdom. He was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2002 and Bintang Bakti Masyarakat (Public Service Star) in 2010 by the President of Republic of Singapore.

MR SUN TIAN
Executive Director and Group General Manager

Mr Sun Tian started as a Non-Executive Director and was initially appointed to our Board on 31 December 2005. Subseqently in August 2009, he joined our Group as a Sales Manager and an Executive Director responsible for our Group's business development and sales to customers outside the PRC. In October 2012, he was appointed as Group General Manager assisting our Chief Executive Officer in the management of our Group's business.

Mr Sun graduated with a Diploma in Mechantronic Engineering from Ngee Ann Polytechnic in 2006. He was awarded the Motorola Silver Medal for being the second most outstanding graduate in the Diploma in Mechantronic Engineering course by Ngee Ann Polytechnic.

In June 2009, Mr Sun graduated from National University of Singapore with a Bachelor's degree in Mechanical Engineering.

MR CHUA KEE LOCK
Lead Independent Director

Mr Chua Kee Lock is our Lead Independent Director and was appointed to our Board on 28 December 2007. He is currently the Group President and CEO of Vertex Venture Holdings Ltd. Prior to that, from 2006 to 2008, Mr Chua was the President and Executive Director of Biosensors International Group, Ltd., a developer and manufacturer of medical devices used in interventional cardiology and critical care procedures. His other senior executive positions included Managing Director of Walden International Singapore from 2003 to 2006; Deputy President of NatSteel Ltd. from 2001 to 2003 and President & Chief Executive Officer of Intraco Ltd., a Singapore-listed trading and distribution company, from 2000 to 2001. Before joining Intraco Ltd., he was Co-Founder and President of MediaRing.com Ltd., a Singapore-listed company providing voice-over-Internet services, from 1998 to 2000. Mr Chua holds a Bachelor of Science in Mechanical Engineering from the University of Wisconsin, U.S. and a Masters of Science in Engineering from Stanford University, U.S..

MR HO CHEW THIM
Independent Director

Mr Ho Chew Thim is one of our Independent Directors and was appointed to our Board on 28 December 2007. He is an accountant by vocation. His career in financial management spanned over 35 years and he has held senior financial positions in mainly listed companies and banks. These includes China Water Holdings Pte Ltd (an associate of SGX-listed CNA Group Ltd), CNA Group Ltd, Achieva Limited, China World Trade Centre Ltd (an associate of Shangri-La Asia Limited), Poh Tiong Choon Logistics Limited, China-Singapore Suzhou Industrial Park Development Co Ltd, Development Bank of Singapore, Deutsche Bank (Singapore Branch), L & M Group Investments Ltd, United Industrial Corporation Limited and United Overseas Bank Limited. He is also an Independent Director on the Board of several public listed companies in Singapore.

Mr Ho is a Fellow Member of the Institute of Singapore Chartered Accountants and CPA Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976.

DR STEVE LAI MUN FOOK
Independent Director

Dr Steve Lai Mun Fook is one of our Independent Directors and was appointed to our Board on 28 December 2007. From November 2007 to August 2012, Dr Lai was the Chief Executive Officer of PSB Academy Pte Ltd. Dr Lai was previously the Deputy Chief Executive Officer of TUV SUD PSB Corporation and PSB Corporation Pte Ltd from April 2006 to March 2007 and from April 2001 to March 2006, respectively. From April 1996 to March 1998, Dr Lai was the General Manager (Standards & Technology) of Singapore Productivity & Standards Board. Dr Lai holds a Bachelor of Science (Hons) in Industrial Chemistry and a PhD from the Loughborough University of Technology, United Kingdom.

EXECUTIVE OFFICERS

Mr Yap Soon Yong

is our Chief Financial Officer and is responsible for the financial and accounting functions of our Group. His responsibilities include overseeing matters relating to financial administration and the compliance and reporting obligations of our Group. Mr Yap joined our Group in July 2007. Prior to joining our Group, he was the Chief Financial Officer of China Marine Foods Group Pte Ltd from September 2006 to June 2007. From April 2005 to June 2006, he was with Oceanus Bio-tech Holdings Pte Ltd. From May 1996 to April 2005, Mr Yap was with York Transport Equipment (Asia) Pte Ltd where he started as a senior accountant and last held the post of financial controller. From 1992 to 1996, Mr Yap was with Ernst & Young where he last held the position as Audit Senior. Mr Yap obtained a bachelor's degree in accountancy from the Nanyang Technological University in 1992, and is currently a member of the Institute of Singapore Chartered Accountants.

Mr Xu Guang Hui

is our Deputy General Manager of Fushun Yongmao Construction Machinery Co., Ltd. and is responsible for assisting the Chairman/CEO and Group General Manager in overseeing the overall operation matters of our Group's Fushun plant in the PRC. Mr Xu joined our Group in 2008. Prior to joining our Group, Mr Xu was the Chief Financial Officer of Liaoning North Investment Co., Ltd (辽宁北方投资有限公司) from 2004 to 2008. From 1989 to 2004, he was with Bank of China, Fushun Branch-Business Department（中国银行抚顺分行公司业务部） first as a bank officer and rose to the post of General Manager. Mr Xu graduated from China Institute of Finance（中国金融学院）with a bachelor's degree in finance in 1989.

Mr Shi Yong

is our Group Sales and Marketing Manager and is responsible for the sales and marketing operations of our Group in the PRC. Mr Shi joined our Group in 2008. Prior to joining our Group, Mr Shi was an engineer of Shenyang Construction Machinery Co., Ltd（沈阳建筑机械厂）from 1985 to 1993 and subsequently from 1993 to 2003, he was the sales manager. From 2003 to 2008, he was the sales manager with Shenyang Sanyo Building Machinery Co., Ltd.（沈阳三洋建筑机械有限公司）. Mr Shi graduated from Shenyang Construction University（沈阳建筑大学) in 1985 with a bachelor's degree in engineering.

Mr Liu Xiao Ming

is our Production and Quality Control Manager and is responsible for our Group's production process and production plans. Mr Liu joined our Group in August 2006. He was the head of the production department of Fushun Excavator Manufacturing Co., Ltd (抚顺挖掘机机械制造有限责任公司) and was the head of the sales department of Fushun Hydraulic Manufacturing Works (抚顺液压挖掘机制造厂) from December 2002 to August 2006 and from June 1999 to November 2002, respectively. Mr Liu was in charge of the production department of Beijing Juli Engineering Machinery Co., Ltd (北京巨力工程有限公司) from August 1998 to May 1999. From July 1996 to July 1998, Mr Liu was in charge of the technology department of Fushun Hydraulic Manufacturing Works（抚顺液压挖掘机制造厂）and prior to that, he was a technician of Fushun Excavator Manufacturing Works（抚顺挖掘机制造厂）. Mr Liu graduated with a Bachelor of Engineering from Northeast Heavy Machinery College（东北重型机械学院） in 1994.

Mr Tian Cheng Tian

is our Purchasing Manager and is responsible for the sourcing of and purchase of raw materials for our manufacturing operations. He joined our Group since April 2001. Prior to this, Mr Tian was an engineer of Fushun Civil Designing Institute（抚顺市政设计研究院）from February 1994 to April 2004. From September 1979 to February 1994, he was a technician at Fushun Coal Mine Safety Instrument Plant（抚顺煤矿安全仪器厂）. Mr Tian graduated from Liaoning Radio and Television University（辽宁电视大学) in 1992 having majored in Electric Automation. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Engineer)（专业技术职称证书 （高级工程师)) from the Liaoning Provincial Personnel Department（辽宁省人事厅）.

Mr Yu Hao Bo

is our Finance Manager and is responsible for the financial and accounting functions of Fushun Yongmao Construction Machinery Co., Ltd.. Mr Yu joined our Group in August 2005. Mr Yu started his career as a projects manager at Fushun Zhongtian Certified Public Accountants Co., Ltd（抚顺中天会计师事务所有限公司）from July 1996 to July 2005. Mr Yu graduated with a degree in Management from Bohai University（渤海大学）in 2006.

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
200510649K

REGISTERED OFFICE
81 Ubi Avenue 4, #09-01 UB. One
Singapore 408830
Tel: 6636 3456 Fax: 6636 2960

DIRECTORS
Sun Zhao Lin
Sun Tian (also alternate to Sun Zhao Lin)
Tian Ruo Nan
Ng San Tiong
Chua Kee Lock
Ho Chew Thim
Dr Steve Lai Mun Fook

AUDIT COMMITTEE
Ho Chew Thim (Chairman)
Chua Kee Lock
Dr Steve Lai Mun Fook

REMUNERATION COMMITTEE
Chua Kee Lock (Chairman)
Ho Chew Thim
Dr Steve Lai Mun Fook

NOMINATING COMMITTEE
Dr Steve Lai Mun Fook (Chairman)
Chua Kee Lock
Ho Chew Thim

SECRETARY
Chew Kok Liang

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
Six Battery Road #10-01
Singapore 049909

INDEPENDENT AUDITOR
Foo Kon Tan LLP
(Formerly Known as Foo Kon Tan Grant Thornton LLP)
Public Accountants and
Chartered Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry
Building, Singapore 179365
Partner-in-charge: Chang Fook Kay
(appointed since financial year ended 31 March 2014)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board" or the "Directors") of Yongmao Holdings Limited (the "Company") recognises the importance of sound corporate governance in protecting the interest of its shareholders as well as strengthening investors' confidence in its management and financial reporting.

The Company, together with its subsidiaries (the "Group"), continue to be committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long term shareholders' value are met.

This report outlines the Company's corporate governance practices with specific reference made to the revised Code of Corporate Governance 2012 issued on 2 May 2012 (the "Code"), which is effective from financial years commencing on or after 1 November 2012.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

As at 31 March 2015, the Board comprises seven Directors of whom three are Executive Directors and four are Non-Executive with three Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enables them to contribute effectively to the strategic growth and governance of the Group. The Board's primary role is to protect and enhance long-term shareholders' value and returns for the shareholders. It strives to achieve this by providing the leadership and guidance to the Management to develop and drive business directions and goals.

The principal functions of the Board, apart from its statutory responsibilities, include:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- ensure the Management discharges business leadership and management skills with the highest level of integrity;
- approve major investment and divestments proposals, material acquisitions and disposal of assets, major corporate policies on key areas of operations, annual budget, the release of the Group's quarterly and full year results and interested person transactions of a material nature;
- set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met;
- assume responsibility for corporate governance; and
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

CORPORATE GOVERNANCE REPORT

Board Committees

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and discharge its responsibilities more efficiently and to ensure that specific issues are subject to considerations and review before the Board makes its decisions, the Board has delegated certain functions to various Board Committees. The Board Committees consist of Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These Board Committees have been constituted with clearly defined terms of reference. These terms of reference are reviewed on a regular basis to ensure their continued relevance. The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

Matters which are specifically reserved to the Board for decision includes material acquisitions and disposals of assets, corporate or financial restructuring, shareholders' matters, share issuances, dividends, and other returns to shareholders.

The Board is free to request for further clarification and information from the Management on all matters within their purview. The schedule of all the Board Committees' meetings for the financial year is usually given to all the Directors well in advance. The Board conducts at least four meetings on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

The Company's Articles of Association (the "Articles") provide for Directors to conduct meetings by teleconferencing or by means of similar communication equipment whereby all Directors participating in the meeting are able to hear each other clearly. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees also approve transactions through circular resolutions, which are circulated to the Board and Board Committees together with all the information relating to the proposed transactions.

As at the date of this report, the number of meetings held by the Board and Board Committees and attendance of Directors at the meetings for the financial year ended 31 March 2015 is set out as follows:

		Board Committees		
	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meetings held	**4**	**4**	**1**	**1**
Name of Director	No. of meetings attended			
Executive Director				
Sun Zhao Lin	2	1*	1*	1*
Tian Ruo Nan	3	2*	1*	1*
Sun Tian[1]	4	4*	1*	1*
Non-Executive Director				
Ng San Tiong	4	2*	1*	1*
Chua Kee Lock	4	4	1	1
Ho Chew Thim	4	4	1	1
Dr Steve Lai Mun Fook	4	4	1	1

* By invitation
[1] Alternate Director to Sun Zhao Lin

The Company has adopted a set of Approving Authority and Limit, setting out the level of authorisation required for specified transactions, including those that require Board's approval.

CORPORATE GOVERNANCE REPORT

No new director was appointed by the Company during the financial year ended 31 March 2015. All new directors will undergo comprehensive and tailored orientation programme to provide them with extensive background information about the Group's business structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The aim of the orientation program is to give directors a better understanding of the Company's business and allow them to assimilate into their new roles. Any director who has no prior experience as a director of a listed company will have to undergo intensive training and briefing on the roles and responsibilities of a director of a listed company. Where appropriate, the Company will provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge.

New directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for on-going education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Singapore Exchange Securities Trading Limited ("SGX-ST") that affect the Company and/or the directors in discharging their duties.

Directors also have the opportunity to visit the Group's operational facilities, including overseas offices, and meet with the Management to facilitate a better understanding of the Group's business operations.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and key changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA"), which are relevant to the directors are circulated to the Board. The Company Secretary also inform the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The external auditors would update the AC and the Board on any new and revised financial reporting standards annually.

The Company has an on-going budget for all Directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook. These include programmes conducted by the Singapore Institute of Directors or other training institutions.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As of the date of this report, the Board comprises the following directors:

Executive Directors

Mr Sun Zhao Lin	Executive Chairman
Ms Tian Ruo Nan	Chief Executive Officer
Mr Sun Tian (Alternate Director to Mr Sun Zhao Lin)	Group General Manager

Non-Executive Directors

Mr Ng San Tiong	Deputy Chairman and Non-Executive Director
Mr Chua Kee Lock	Lead Independent Director
Mr Ho Chew Thim	Independent Director
Dr Steve Lai Mun Fook	Independent Director

The profile of the Directors are set out on pages 16 to 18 of this Annual Report.

The Board's structure, size and composition are reviewed annually by the NC with a view to determine the impact of its number upon effectiveness. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and diverse expertise including finance, business and management experience given the nature and scope of the Group's operations. The Executive Directors have extensive experience in the crane manufacturing industry while the Non-Executive Directors are well established and competent in their respective professions. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company.

CORPORATE GOVERNANCE REPORT

All Directors are required to disclose any relationships or appointment which would impair their independence to the Board timely. The independence of each Director will be reviewed on an annual basis by the NC in accordance with the Code's definition of what constitutes an Independent Director. The NC is of the view that the three Non-Executive Directors (who represent at least one-third of the Board) are independent, i.e, they have no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more in the voting shares of the Company, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from the Management and the shareholders with shareholdings of 10% or more in the voting shares of the Company.

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision without any individual or small group of individuals influencing or dominating the decision making process.

The NC is in the process of assessing and making transition changes to the board composition so that the number of independent directors will make up at least half of the Board before the financial year ended 31 March 2018.

None of the Independent Directors have served the Company for a period exceeding nine years. As and when Independent Directors served beyond nine years, the NC would perform rigorous review to assess the independence of the relevant Directors.

The Non-Executive and Independent Directors actively participated during the Board and Board Committee meetings to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. Where necessary, the Company would coordinate informal meeting sessions for the Non-Executive and Independent Directors to meet without the presence of the Management.

To-date, none of the independent directors of the Company has been appointed as director of the Company's principal subsidiaries.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a balance of power and authority in the Company, such that no one individual represents a concentration of power. The roles and responsibilities between the Chairman and the Chief Executive Officer ("CEO") are held by separate individuals to ensure an appropriate distribution of power.

Mr Sun Zhao Lin, one of the founders of the Group, is our Executive Chairman of the Company. He is responsible for the formulation and execution of overall business strategies and policies and future directions as well as the overall Management of the Group.

As the Chairman, he is also responsible for representing the Board to shareholders, ensuring that Board meetings are held when necessary and Board members are provided with adequate and timely information. He approves the Board meeting agendas in consultation with the CEO, Chief Financial Officer ("CFO") and Company Secretary, who acts as facilitator at Board meetings, ensures the agenda items are adequately debated at Board meetings and maintains regular dialogues with the CEO on operational matters. In the absence of the Chairman, the Deputy Chairman, Mr Ng San Tiong will chair the Board meetings.

Ms Tian Ruo Nan, spouse of Mr Sun Zhao Lin, is the CEO of the Company. She is also one of the founders of the Group, and is responsible for and oversees the day-to-day operations of the Group.

CORPORATE GOVERNANCE REPORT

In view that the Chairman and the CEO are immediate family members and part of the executive management team, Mr Chua Kee Lock has been appointed as our Lead Independent Director of the Company pursuant to the recommendation in Guideline 3.3 of the Code. Where a situation arises that may involve conflict of interests between the roles of the Chairman and the CEO, it is the Lead Independent Director's responsibility, together with the other Independent Directors to ensure that shareholders' rights are protected. As the Lead Independent Director of the Company, Mr Chua Kee Lock is available to shareholders where they have concerns, which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve or for which such contact is inappropriate.

All the Independent Directors including the Lead Independent Director, meet at least once annually without the presence of the other Executive and Non-Independent Directors to discuss matters of significance, which are thereon reported to the Chairman accordingly.

Hence, the Board believes that notwithstanding the close family ties between the Chairman and the CEO, the current composition of the Board is able to make precise objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power or influence.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises of entirely Independent Directors.

As at the date of this report, the members of the NC are:

Dr Steve Lai Mun Fook	Chairman
Mr Chua Kee Lock	Member
Mr Ho Chew Thim	Member

In accordance with the definition in the Code, the Chairman of the NC has no relationship with the Company, its related corporations, its shareholders with shareholdings of 10% or more in the voting shares of the Company or its officer.

The main role of the NC is to make the process of Board appointments and re-appointments of Directors more transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Director to the effectiveness of the Board.

The NC is regulated by its terms of reference and its key functions include:

- making recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- identifying and nominating candidates for the approval of the Board, determining annually whether or not a Director is independent, filling Board vacancies as and when they arise as well as putting in place plans for succession, in particular for the Chairman and the CEO;
- determining the independence of Directors on an annual basis in accordance with Guideline 2.3 of the Code;
- making recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years;
- recommending Directors who are retiring by rotation to be put forward for re-election;

CORPORATE GOVERNANCE REPORT

- deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;
- recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards;
- assessing the effectiveness of the Board and Board Committees as a whole;
- deciding on how the Board's performance may be evaluated and propose objective performance criteria; and
- reviewing the training and professional development programs for the Board.

The NC meets at least once a year. Article 117 of the Company's Articles of Association requires the number nearest to one-third of the Directors to retire by rotation and subject themselves to re-election by the shareholders at the Annual General Meeting ("AGM") of the Company. In addition, each Director of the Company shall retire from office once every three years. Directors who retire are eligible to stand for re-election. Article 121 of the Company's Articles of Association provides that additional Directors appointed during the year shall only hold office until the next AGM and shall then be eligible for re-election at that AGM.

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Directorships in other listed companies	
				Current	Past three years
Mr Sun Zhao Lin	Chairman	5 August 2005	21 July 2014	–	–
Ms Tian Ruo Nan	Director	28 December 2007	21 July 2014	–	–
Mr Ng San Tiong	Director	28 June 2007	23 July 2012	1. Tat Hong Holdings Ltd 2. CSC Holdings Ltd 3. Intraco Ltd	–
Mr Sun Tian	Director	31 December 2005	22 July 2013	–	–
Mr Chua Kee Lock	Director	28 December 2007	22 July 2013	–	1. SHC Capital Asia Limited
Mr Ho Chew Thim	Director	28 December 2007	21 July 2014	1. Mencast Holdings Ltd. 2. China Kunda Technology Holdings Limited 3. Hengyang Petrochemical Logistics Limited 4. Declout Limited	1. R H Energy Ltd.
Dr Steve Lai Mun Fook	Director	28 December 2007	22 July 2013	1. Intraco Ltd	–

The NC has also adopted internal guidelines addressing the commitments that are faced when Directors serve on multiple boards. For the current financial year, the NC has reviewed the multiple directorships disclosed by each Director of the Company and their other principal commitments. The NC is satisfied that each Director has allocated sufficient time and attention to the affairs of the Group to adequately discharge their duties as Director of the Company. Currently, the Board has not determined the maximum number of listed board representations which any director may hold. The NC and the Board will review the requirement to determine maximum number of listed board representations as and when it deems fit.

CORPORATE GOVERNANCE REPORT

The Group has in place, policies and procedures for the appointment of new directors, including the description on the search and nomination procedures. Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a Director.

The NC does not have a practice of appointing alternate directors to Independent Directors except for limited periods in exceptional cases such as when a director has a medical emergency. There were no alternate directors appointed in this financial year except that Mr Sun Tian, the Executive Director and Group General Manager, is the alternate director to Mr Sun Zhao Lin, Executive Director and Chairman.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors are Mr Sun Tian, Mr Ng San Tiong and Mr Chua Kee Lock who will retire pursuant to Article 117 of the Company's Article of Association.

The NC has also assessed the independence of Dr Steve Lai Mun Fook, Mr Chua Kee Lock and Mr Ho Chew Thim, and is satisfied that there are no relationships which would deem them not to be independent.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established a formal process for assessment of the effectiveness of the Board as a whole and its Board Committees.

The NC undertakes a process to assess the effectiveness of the Board as a whole and its Board Committees for the financial year ended 31 March 2015. The appraisal parameters focused on evaluation of factors such as the size and composition of the Board and its Committees, the Board's access to information, Board's processes and accountability, Board's performance in relation to discharging its principal responsibilities, communication with the Management and the standards of conduct of the Directors. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During the financial year, the NC met to discuss and assess the evaluation of the Board's performance as a whole and its Board Committees and the results of the assessment has been communicated to and accepted by the Board. The current performance criteria will not change from year to year unless they are deemed necessary and that the Board is able to justify the changes.

The NC, in considering the re-nomination of any director, had considered factors including their performance in the Board as a whole, its Board Committees and individual performance including his attendance, preparedness, participation and contributions in the proceedings of the meetings.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibility, the Management strives to provide the Board with a management report containing complete, adequate and timely information prior to the Board meetings. The Board has a separate and independent access to the key management personnel, including the Company Secretary at all times. The Company Secretary and/or his representatives attend all Board and Board committees meetings, and assist the Chairman in ensuring that proper procedures and all other rules and regulations applicable to the Company are complied with. The decision to appoint or remove the Company Secretary is made by the Board as a whole.

CORPORATE GOVERNANCE REPORT

The Management keeps the Board informed of the Company's operations and performance through regular updates and reports as well as through separate meetings and discussions. The Management will present reports and updates on the Group's performance, financial position, prospects and other relevant information for review at each Board meeting. In addition, all other relevant information on material events and transactions are circulated by electronic mail and facsimile to the Directors for review and approval. The key management staff may be invited to attend the Board and the AC meetings to answer queries and to provide insights into its Group's operations.

The Board takes independent professional advices as and when necessary to enable it or the Independent Directors to discharge its or their responsibilities effectively. Each Director has the right to seek independent legal and other professional advice, at the Company's expenses, to assist them in performing their duties.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises entirely of Independent Directors and the members of the RC are:

Mr Chua Kee Lock	Chairman
Dr Steve Lai Mun Fook	Member
Mr Ho Chew Thim	Member

The RC is regulated by its terms of reference and its key functions include:

- reviewing and recommending to the Board the remuneration packages and terms of employment of the Executive Directors, and senior management or key management personnel;
- reviewing and recommending to the Board the grant of share options schemes or any long term incentive schemes which may be set up from time to time;
- carrying out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;
- ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered; and
- reviewing process shall take into consideration Principle 8 and Guidelines 8.1 to 8.4 of the Code, that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and senior management's performance, and that the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises. No individual Director shall be involved in deciding his/her own remuneration.

Each member of the RC shall abstain from making any recommendations on or voting on any resolutions in respect of his/her own remuneration package.

The Directors' fees to be paid to the Directors are subject to shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and senior management commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other key management personnel) is reviewed periodically by the RC and the Board.

The Non-Executive and Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. Directors' fees are recommended by the Board, subject for approval by the shareholders at the AGM of the Company.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

The service agreements entered into with the three Executive Directors are subject to review by the RC, namely, (1) Mr Sun Zhao Lin is for a period of two years with effect from 1 January 2014 and will continue for a further term of one year unless otherwise terminated by either party giving not less than six months' notice in writing to the other; (2) Ms Tian Ruo Nan is for a period of one year with effect from 1 July 2015 and will continue for a further term of six months unless otherwise terminated by either party giving not less than six months' notice in writing to the other; and (3) Mr Sun Tian is for a period of two years with effect from 12 October 2012 and will continue for a further term of two years unless otherwise terminated by either party giving not less than three months' notice in writing to the other.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The terms of the contracts of services of Executive Directors and the key management personnel, including termination clauses, are in line with market practices and are not overly generous.

The Company currently has no employee share option schemes or other long-term incentive scheme in place.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors), in percentage terms showing the level and mix, for the financial year ended 31 March 2015 falling within the broad bands are set out below:

Remuneration Band and Name of directors / key management personnel	Fixed Salary	Variable Bonus	Directors' Fees	Total
	%	%	%	%
Directors				
Between S$250,000 to S$500,000				
Sun Zhao Lin	54%	46%	–	100%
Tian Ruo Nan	53%	47%	–	100%
Sun Tian	72%	28%	–	100%

CORPORATE GOVERNANCE REPORT

Remuneration Band and Name of directors / key management personnel	Fixed Salary	Variable Bonus	Directors' Fees	Total
	%	%	%	%
Below S$250,000				
Ng San Tiong	–	–	100%	100%
Chua Kee Lock	–	–	100%	100%
Ho Chew Thim	–	–	100%	100%
Dr Steve Lai Mun Fook	–	–	100%	100%
Key Management Personnel				
Between S$250,000 to S$500,000				
Yap Soon Yong	54%	46%	–	100%
Below S$250,000				
Xu Guang Hui	67%	33%	–	100%
Shi Yong	43%	57%	–	100%
Liu Xiao Ming	84%	16%	–	100%
Tian Cheng Tian	86%	14%	–	100%
Yu Hao Bo	59%	41%	–	100%

The Board believes that it is for the benefit of the Company and the Group that the remuneration of each individual director and CEO of the Company is kept confidential due to its sensitive nature and the long-term performance of the Group, especially in a highly competitive industry. Similarly, the remuneration of the top key management personnel was shown in bands of S$250,000 due to the Company's concern over poaching of these executives by competitors.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 27 July 2015, for the payment of Directors' fees proposed for the financial year ended 31 March 2015 amounting to an aggregate of S$222,000.

No termination, retirement and post-employment, share option, share-based incentive and awards or other long-term incentive has been granted to the Directors or key management personnel during the financial year ended 31 March 2015.

Save as disclosed, there is no employee of the Group who is an immediate family member of any Director or the CEO or a controlling shareholder and whose remuneration has exceeded S$50,000 during the financial year ended 31 March 2015. ("Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.)

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to shareholders on the Group's position, performance and progress. The Board will update shareholders on the operations and financial position of the Company through quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the CEO and the Chief Financial Officer have provided assurance to the Board on the integrity of the Group's financial statements.

The Management provides the Board on a quarterly basis, financial reports and other information on the Group's performance, financial position and prospects for their effective monitoring and decision-making.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

An Enterprise Risk Management ("ERM") programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, *inter alia*, financial, operational (including information technology) and compliance risks faced by the Group. The Group has engaged Mazars LLP to assist in enhancing the ERM programme over the identification, prioritisation, assessment, management and monitoring of key risks. Key risks identified are deliberated by Senior Management, and reported to the AC on a regular basis. The AC reviews the adequacy and effectiveness of the ERM programme against identified significant risks vis-à-vis changes in the Group's operating environment.

Relying on the reports from the internal and external auditors, the AC carried out assessment of the effectiveness of key internal controls during the financial year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For the financial year ended 31 March 2015, the Board has received assurance from the CEO and CFO that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management systems and internal control systems are operating effectively.

Material associated companies and joint ventures, if any, which the Company does not control, are not dealt with for the purposes of this statement.

Based on the various management controls in place, the reports from the internal and external auditors, as well as reviews conducted by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing the financial, operational, compliance and information technology controls, and risk management systems maintained by the Group during the year are adequate and effective as at 31 March 2015.

Audit Committee

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises entirely Independent Directors and the members of the AC are:

Mr Ho Chew Thim	Chairman
Mr Chua Kee Lock	Member
Dr Steve Lai Mun Fook	Member

The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge its responsibilities properly.

CORPORATE GOVERNANCE REPORT

The AC is regulated by its terms of reference and its key functions include:

- reviewing the audit plans of the Company's external auditors, including the results of the auditors' review and audit report, the Management letter and Management's response and evaluation of the Company's system of internal controls;
- ensuring co-ordination where more than one audit firm is involved;
- reviewing the quarterly and annual financial statements of the Group focusing in particular, on significant financial reporting issues and judgements, any significant adjustments, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, stock exchange and statutory/regulatory requirements before submission to the Board for approval;
- reviewing any formal announcements relating to the Company's financial performance;
- discussing problems and concerns, if any, arising from the audits, in consultation with the external auditors and internal auditors where necessary and to meet the external auditors and internal auditors without the presence of the Management, at least once annually;
- reviewing the assistance and cooperation given by the Management to the external auditors;
- reviewing annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors;
- reviewing the internal audit programme and ensure coordination between external auditors and internal auditors and the Management;
- reviewing the adequacy of the Company's internal controls as set out in Guideline 11.3 of the Code;
- reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the said functions are adequately resourced;
- reviewing and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position and the Management's response;
- reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;
- reviewing any potential conflict of interest;
- reporting to the Board its findings from time to time on matters arising and requiring the attention of the Committee;
- reviewing interested person transactions, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- recommending to the Board the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- undertaking generally such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

Apart from the above functions, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC has full access to and cooperation of the Management, external auditors and internal auditors. It also has the discretion to invite any Director and/or executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The AC has reviewed all Interested Person Transactions for the financial year ended 31 March 2015 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied with.

Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

For the financial year ended 31 March 2015, the AC met once with the external auditors without the presence of the Management. The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, which comprise tax advisory services and is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors. The audit and non-audit fees paid/payable to the external auditors for the financial year ended 31 March 2015 would be S$180,000 and S$2,800 respectively.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as the Singapore-incorporated subsidiary of the Company is audited by Messrs Foo Kon Tan LLP (formerly known as Foo Kon Tan Grant Thornton LLP). All other foreign-incorporated subsidiaries are audited by suitable auditing firms for the purposes of the consolidated financial statements of the Group.

The AC undertakes a review of the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on annual basis. Messrs Foo Kon Tan LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with Accounting and Corporate Regulatory Authority ("ACRA") and provided a confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with, and has recommended to the Board that Messrs Foo Kon Tan LLP be nominated for re-appointment as external auditors at the forthcoming AGM of the Company.

In July 2010, the Singapore Exchange Limited and ACRA had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the guidance.

The AC had reviewed, approved and implemented a whistle-blowing framework which provides well-defined and accessible channels in the Group through which employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters within the Group. The framework includes arrangements for independent investigations and appropriate follow-up of such matters. Details of the whistle-blowing policies and arrangements have been made available to the employees. As at the date of this report, there was no report received through the whistle-blowing mechanism.

The AC had reviewed the Company's key financial risk areas and noted that apart from the foreign exchange rate differences which arise when transactions are denominated in foreign currencies, the Group has not entered into any financial derivatives contracts which will give rise to financial risks.

The AC has explicit authority to investigate any matter within its terms of reference. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expenses as and when the need arises.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a system of internal controls in order to safeguard the shareholders' investments and the Company's assets. The Company has outsourced its internal audit functions of the Group to Mazars LLP, a professional firm to perform the review and test of controls of its processes. As recommended by the AC, the Board approved the re-appointment of Mazars LLP as internal auditors of the Group. The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The appointed internal auditors reports directly to the AC and is responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls are in place to protect the fund and assets of the Group to ensure control procedures are complied with, assessing the operations of the business processes under review are conducted efficiently and effectively and identifying and recommending improvement to internal control procedures, where required.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

For the financial year ended 31 March 2015, the AC met once with the internal auditors without the presence of the Management. The AC is of the opinion that Mazars LLP is adequately resourced with qualified personnel to discharge its responsibilities. The AC has reviewed the internal audit reports based on the controls in place and is satisfied that the internal audit functions have been adequately carried out.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow the shareholders the opportunity to communicate their views on various matters affecting the company.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group. Quarterly results and news releases (if any) will be published through the SGXNet.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

CORPORATE GOVERNANCE REPORT

The Company does not practice selective disclosure. Price sensitive information is publicly released and financial results and annual reports are announced or issued within the mandatory period and are available on the Company's website at http://www.yongmaoholdings.com/ and http://www.yongmao.com.cn/ which provides, *inter-alia*, corporate announcements, press releases and the latest financial results as disclosed by the Company on the SGXNet.

A copy of the Annual Report will be sent to every shareholder. The Notice of AGM is published in the newspaper within the mandatory period and released through the SGXNet. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions on each distinct issue are proposed at general meetings for approval.

In accordance with the Articles of Association of the Company, shareholders may appoint one or two proxies to attend and vote at general meeting in their absence. All shareholders are allowed to vote in person or by proxy. The poll results in favour and against for each resolution put forth are presented during the AGM. The Central Provident Fund investors of the Company's securities may attend shareholders' meetings as observers provided they have registered to do so with the agent banks within the specified time frame.

At general meetings of the Company, shareholders are given the opportunity to air their views and participate effectively at the AGM through the open question and answer session to address any concerns in relation to the proposed resolutions. The Chairman of the AC, NC and RC are normally available at the general meetings to answer questions relating to the work of these Board Committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by the shareholders.

The Company prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders that is relevant to the agenda of the meeting and responses from the Board and the Management. Such minutes are available to shareholders upon request.

The Company does not have a policy on payment of dividends. The issue of payment of dividends is deliberated by the Board annually having regarded to various factors.

DEALINGS IN SECURITIES

The Group has adopted its Code of Best Practices on dealings in securities by setting out the implications of insider trading and its regulations with regard to dealings in the Company's securities by its Directors and officers, that is modeled, with some modification, on Rule 1207(19) of the Listing Manual of the SGX-ST. The Group's Code of Best Practices provides guidance for Directors, officers and employees on their dealings in the Company's securities.

The Group's Code of Best Practices prohibits the Company and its officers and employees who have access to unpublished material price sensitive information from dealing in Company's securities. The Company and its officers and employees are advised not to deal in the Company's securities during the period commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding the announcement of the Company's full year financial results and ending on the date of the announcement of such results on the SGX-ST, or when they are in possession of any unpublished price sensitive information of the Group. In addition, the Directors, key management personnel and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares for short term considerations.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policy to ensure that transactions with interested persons are properly reviewed, approved and conducted at arms' length basis.

The AC has reviewed the Interested Person Transactions ("IPTs") for the financial year ended 31 March 2015 and noted that the transactions have been conducted in accordance with the IPT Mandate obtained at the Company's AGM held on 21 July 2014 and that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

The following is the aggregate value of all transactions with interested persons (as defined in Chapter 9 of the Listing Manual of the SGX-ST) for the financial year ended 31 March 2015:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Sales to	**RMB'000**	**RMB'000**
Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司)	–	3,076
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	–	(1,837)[1]
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	–	90,800
Tat Hong Intraco Pte. Ltd.	–	2,328
Restructuring of investments		
Tat Hong Zhaomao Investment Co., Ltd. (达丰兆茂投资有限公司) and Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司) with Tat Hong Equipment (China) Pte Ltd	78,675[2]	–

Notes:

1 Reclassification of sales to Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司) in respect of previous financial year.

2 Approved at the Extraordinary General Meeting dated 31 December 2014.

The current IPT Mandate will be expiring on 27 July 2015, being the date of the forthcoming AGM of the Company. The Company is proposing to seek shareholders' approval at the AGM of the Company to be held on 27 July 2015 to renew the IPT Mandate pursuant to Chapter 9 of the Listing Manual of the SGX-ST. The IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM of the Company.

MATERIAL CONTRACTS

Save as disclosed in the Directors' report and financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interest of the CEO, any Director or the controlling shareholder subsisting at the end of the financial year ended 31 March 2015.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT

The Management reviews regularly the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. In addition, both the internal and external auditors conducted annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance, and information technology controls and risk management. Any material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. The Management will follow up on the auditors' recommendations so as to strengthen the Group's risk management procedures.

Information in relation to the risks arising from the Group's financial operations is disclosed in the notes to the accompanying audited financial statements on pages 108 to 114.

DIRECTORS' REPORT

Financial Year Ended 31 March 2015

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 March 2015.

Names of directors

The directors of the Company in office at the date of this report are:

Sun Zhao Lin
Sun Tian (also alternate to Sun Zhao Lin)
Tian Ruo Nan
Ng San Tiong
Chua Kee Lock
Ho Chew Thim
Dr Steve Lai Mun Fook

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company -	As at	**As at**	As at	**As at**
Yongmao Holdings Limited	1.4.2014	**31.3.2015**	1.4.2014	**31.3.2015**
(Number of ordinary shares)				
Sun Tian	3,909,000	**3,909,000**	–	**–**
Sun Zhao Lin	–	**–**	254,714,350	**254,714,350**
Tian Ruo Nan	333,000	**333,000**	254,714,350	**254,714,350**
The immediate and ultimate holding company -				
Sun & Tian Investment Pte. Ltd.				
(Number of ordinary shares)				
Sun Tian	10,000	**10,000**	–	**–**
Sun Zhao Lin	45,000	**45,000**	–	**–**
Tian Ruo Nan	45,000	**45,000**	–	**–**

There are no changes to the above shareholdings as at 21 April 2015.

Messrs Sun Zhao Lin and Tian Ruo Nan, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, are deemed to have an interest in the whole of the issued share capital of the subsidiaries of the Company and Sun & Tian Investment Pte. Ltd..

DIRECTORS' REPORT

Financial Year Ended 31 March 2015

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except for salaries, bonuses and fees and those benefits that are disclosed in Note 23(c) and Note 23(f) to the financial statements.

Share options

No options were granted during the financial year to take up unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit committee

The Audit Committee at the end of the financial year comprises the following members:

Ho Chew Thim (Chairman)
Chua Kee Lock
Dr Steve Lai Mun Fook

All members of the Audit Committee were non-executive directors.

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology internal controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2015 as well as the independent auditor's report thereon; and

(iv) interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

Financial Year Ended 31 March 2015

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between the executive directors and the Company, there are no material contract to which the Company or its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested person transactions

There was no interested person transactions as defined in Chapter 9 of Listing Manual of the SGX-ST conducted during the financial year except as disclosed under "Interested Person Transactions" on "Corporate Governance" and in Note 32 to the accompanying financial statements.

On behalf of the Directors

TIAN RUO NAN

SUN TIAN

Dated: 18 June 2015

STATEMENT BY DIRECTORS

Financial Year Ended 31 March 2015

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

TIAN RUO NAN

SUN TIAN

Dated: 18 June 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YONGMAO HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Yongmao Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Company and the Group as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 43 to 121.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 18 June 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	The Company 31 March 2015 RMB'000	The Company 31 March 2014 RMB'000	The Group 31 March 2015 RMB'000	The Group 31 March 2014 RMB'000
Assets					
Non-Current					
Property, plant and equipment	5	**–**	–	**444,077**	438,488
Intangible assets	6	**–**	–	**250**	350
Subsidiaries	7	**314,988**	314,988	**–**	–
Associated companies	8	**–**	13,500	**–**	61,577
Available-for-sale financial assets	9	**79,467**	–	**79,467**	–
Trade and other receivables	10	**–**	–	**535**	1,388
Deferred costs	11	**–**	–	**3,790**	11,001
Deferred tax assets	12	**–**	–	**16,896**	16,871
		394,455	328,488	**545,015**	529,675
Current					
Inventories	13	**–**	–	**263,454**	315,327
Trade and other receivables	10	**175**	194	**393,256**	363,382
Deferred costs	11	**–**	–	**8,929**	21,881
Amounts owing by subsidiaries	7	**33,490**	83,554	**–**	–
Amount owing by an associated company	8	**–**	–	**–**	1,064
Amounts owing by related parties	14	**–**	–	**81,285**	165,466
Amount owing by a corporate shareholder of a subsidiary	15	**–**	–	**195**	1,275
Cash and cash equivalents	16	**11,611**	9,543	**149,922**	231,123
		45,276	93,291	**897,041**	1,099,518
Total assets		**439,731**	421,779	**1,442,056**	1,629,193
Equity					
Capital and Reserves					
Share capital	17	**312,484**	312,484	**312,484**	312,484
Reserves	18	**112,749**	97,406	**268,535**	218,064
Equity attributable to equity holders of the Company		**425,233**	409,890	**581,019**	530,548
Non-controlling interests		**–**	–	**54,811**	39,801
Total equity		**425,233**	409,890	**635,830**	570,349
Liabilities					
Non-Current					
Borrowings	19	**–**	–	**5,934**	130,397
Deferred income	20	**–**	–	**5,094**	14,800
Deferred capital grants	21	**–**	–	**9,242**	1,570
Deferred tax liabilities	12	**10,016**	7,969	**18,278**	11,320
Trade and other payables	22	**–**	–	**23,972**	26,732
		10,016	7,969	**62,520**	184,819
Current					
Trade and other payables	22	**4,402**	3,840	**352,475**	417,477
Borrowings	19	**–**	–	**332,920**	340,142
Deferred income	20	**–**	–	**12,066**	39,051
Deferred capital grants	21	**–**	–	**194**	32
Amount owing to/advance payments from associated companies	8	**–**	–	**–**	2,645
Amounts owing to/advance payments from related parties	14	**80**	80	**19,475**	45,097
Amount owing to a corporate shareholder of a subsidiary	15	**–**	–	**24,910**	26,012
Current tax payable		**–**	–	**1,666**	3,569
		4,482	3,920	**743,706**	874,025
Total equity and liabilities		**439,731**	421,779	**1,442,056**	1,629,193

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial Year Ended 31 March 2015

	Note	**2015 RMB'000**	2014 RMB'000
Revenue	4	**782,969**	909,600
Cost of sales		**(537,563)**	(661,509)
Gross profit		**245,406**	248,091
Other income	23(a)	**15,026**	4,232
Distribution costs	23(b)	**(58,626)**	(55,504)
Administrative expenses	23(c)	**(78,604)**	(88,809)
Other operating expenses	23(d)	**(8,876)**	(12,364)
Finance costs	23(e)	**(21,355)**	(22,583)
Share of results of associated companies, net of tax	8	**–**	247
Profit before taxation	24	**92,971**	73,310
Taxation	25	**(15,121)**	(16,308)
Net profit for the year		**77,850**	57,002
Other comprehensive income/(expense) after tax:	26		
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets		**792**	–
Exchange translation difference			
- foreign operations		**(397)**	704
- an associated company	8	**–**	1
- reclassification to profit or loss	8	**(1,747)**	–
		(1,352)	705
Total comprehensive income for the year		**76,498**	57,707
Profit attributable to:			
Equity holders of the Company		**62,850**	51,292
Non-controlling interests		**15,000**	5,710
		77,850	57,002
Total comprehensive income attributable to:			
Equity holders of the Company		**61,488**	51,965
Non-controlling interests		**15,010**	5,742
		76,498	57,707
		RMB cents	RMB cents
Earnings per share	28		
- basic		**14.16**	11.56
- diluted		**14.16**	11.56

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Year Ended 31 March 2015

	Note	Share capital RMB'000	Merger reserve RMB'000	Statutory common reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 April 2013		312,484	(26,769)	47,024	–	151,191	1,722	485,652	18,595	504,247
Profit for the year		–	–	–	–	51,292	–	51,292	5,710	57,002
Other comprehensive income for the year		–	–	–	–	–	673	673	32	705
Total comprehensive income for the year		–	–	–	–	51,292	673	51,965	5,742	57,707
Transfer to statutory common reserve		–	–	8,404	–	(8,404)	–	–	–	–
Dividends	31	–	–	–	–	(5,404)	–	(5,404)	(409)	(5,813)
Changes in non-controlling interests in a subsidiary										
Acquisition by non-controlling interests without a change in control		–	–	–	–	(1,464)	6	(1,458)	1,458	–
Shares of a subsidiary issued to non-controlling interests		–	–	–	–	–	(207)	(207)	14,415	14,208
Balance as at 31 March 2014		**312,484**	**(26,769)**	**55,428**	**–**	**187,211**	**2,194**	**530,548**	**39,801**	**570,349**
Profit for the year		**–**	**–**	**–**	**–**	**62,850**	**–**	**62,850**	**15,000**	**77,850**
Other comprehensive income/(expense) for the year		**–**	**–**		**792**	**–**	**(2,154)**	**(1,362)**	**10**	**(1,352)**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**792**	**62,850**	**(2,154)**	**61,488**	**15,010**	**76,498**
Transfer to statutory common reserve		**–**	**–**	**2,904**	**–**	**(2,904)**	**–**	**–**	**–**	
Dividends	31	**–**	**–**	**–**	**–**	**(11,017)**	**–**	**(11,017)**	**–**	**(11,017)**
Balance as at 31 March 2015		**312,484**	**(26,769)**	**58,332**	**792**	**236,140**	**40**	**581,019**	**54,811**	**635,830**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial Year Ended 31 March 2015

	Note	2015 RMB'000	2014 RMB'000
Cash Flows from Operating Activities			
Profit before taxation		**92,971**	73,310
Adjustments for:			
Share of results of associated companies		**–**	(247)
Unrealised profits from sale of towercranes and towercrane accessories to associated companies		**(14,452)**	(1,357)
Amortisation of deferred capital grants		**(234)**	(8)
Amortisation of intangible assets		**100**	183
Depreciation of property, plant and equipment		**45,631**	36,119
Gain on disposal of property, plant and equipment, net		**(1,207)**	(294)
Gain from bargain purchase of subsidiaries	7	**–**	(606)
Gain on restructuring	8	**(12,058)**	–
Property, plant and equipment written off		**6**	1,872
Provision for inventory obsolescence		**11,252**	22,443
Interest expense		**21,355**	22,583
Interest income		**(391)**	(1,175)
Exchange translation difference		**(2,422)**	(487)
Operating profit before working capital changes		**140,551**	152,336
Decrease/(increase) in inventories (Note A)		**14,849**	(96,193)
Decrease in deferred costs		**20,163**	48,074
Decrease/(increase) in operating receivables		**51,411**	(152,844)
(Decrease)/increase in operating payables		**(63,359)**	126,567
Decrease in deferred income		**(29,026)**	(64,075)
Cash generated from operations		**134,589**	13,865
Interest paid		**(22,493)**	(21,447)
Tax paid		**(11,111)**	(11,951)
Net cash generated from/(used in) operating activities		**100,985**	(19,533)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment (Note B)		**(30,403)**	(18,494)
Cash outflow on acquisition of subsidiaries	7	**–**	(5,298)
Proceeds from disposal of property, plant and equipment		**2,006**	505
Proceeds from government grant		**8,068**	1,610
Receipt from a related party		**168**	–
Receipt from/(advances to) a corporate shareholder of a subsidiary		**1,219**	(876)
Interest received		**391**	1,175
Net cash used in investing activities		**(18,551)**	(21,378)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial Year Ended 31 March 2015

	Note	**2015 RMB'000**	2014 RMB'000
Cash Flows from Financing Activities			
Cash injection by non-controlling interests	7	**–**	1,228
Proceeds from borrowings		**411,170**	574,089
Repayment of borrowings		**(522,163)**	(422,675)
Repayment of finance lease liabilities		**(19,757)**	(11,687)
Restricted bank balances		**1,331**	(50,952)
Repayment to related parties		**(21,127)**	(1,139)
Repayment to corporate shareholder of a subsidiary		**–**	(168)
Dividends paid to non-controlling interests		**(409)**	(195)
Dividends paid to equity holders of the Company		**(11,017)**	(5,404)
Net cash (used in)/ generated from financing activities		**(161,972)**	83,097
Net (decrease)/increase in cash and cash equivalents		**(79,538)**	42,186
Cash and cash equivalents as at beginning of year		**138,253**	95,895
Exchange differences on translation of cash and cash equivalents as at beginning of year		**(332)**	172
Cash and cash equivalents as at end of year	16	**58,383**	138,253

A. Decrease/(Increase) in inventories

Included in decrease/(increase) in inventories were towercranes and towercrane components and accessories that were self-constructed amounting to RMB29,649,000 (2014 - RMB65,170,000) which were held for rental purposes and have been presented under operating activities in accordance with FRS 7 - Statement of Cash Flows.

B. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RMB24,039,000 (2014 - RMB31,892,000), of which RMBNil (2014 - RMB8,516,000) were settled with the shares of Yongmao Machinery (H.K.) Company Limited ("YMHK") issued to non-controlling interests (see Note 7). RMB1,235,000 (2014 - RMB7,510,000) remains unpaid to suppliers of property, plant and equipment at the end of the financial year while the Group had paid in advance to suppliers of property, plant and equipment amounting to RMB30,000 (2014 - RMB2,620,000). Cash payment of RMB30,403,000 (2014 - RMB18,494,000), inclusive of RMB2,679,000 (2014 - RMB641,000) self-constructed property, plant and equipment transferred from inventories, were made to purchase property, plant and equipment.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

1 General information

The financial statements of the Company and of the Group for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company is listed on the Singapore Exchange Mainboard and incorporated and domiciled in Singapore as a limited liability company.

The registered office and principal place of business of the Company is located at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are listed in Note 7 to the financial statements.

The immediate and ultimate holding company of the Company is Sun & Tian Investment Pte. Ltd., a company incorporated in Singapore.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, rounded to the nearest thousand (RMB'000), unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and the Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical accounting estimates and assumptions in applying accounting policies

Depreciation of property, plant and equipment (Note 5) and useful lives of plant and machinery and motor vehicles (Note 5)

Property, plant and equipment, including plant and machinery and motor vehicles, are depreciated on a straight-line basis after deducting the residual value over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 1 to 50 years. The carrying amount of the Group's various categories of property, plant and equipment as at the end of the reporting period is disclosed in Note 5 to the financial statements.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If depreciation on property, plant and equipment increases/decreases by 10% from management's estimates, the Group's profit for the year will decrease/increase by approximately RMB4,563,000 (2014 - RMB3,612,000). A 5% to 10% difference in the expected useful lives of plant and machinery and motor vehicles from management's estimates would result in approximately 0.9% increase/decrease in the Group's result for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions in applying accounting policies (Cont'd)

Impairment of investment in subsidiaries (Note 7)

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. For subsidiaries with indications of impairment, management has evaluated the recoverability of investments based on such estimates and is of the opinion that no impairment is necessary even if the present value of estimated future cash flows decrease by 10% from management's estimates. The carrying amount of the investment in subsidiaries is disclosed in Note 7 to the financial statements.

Allowance for inventory obsolescence (Note 13)

The Group reviews the ageing analysis of inventories at the end of each reporting period, and makes allowance for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventory decrease by 1% from management's estimates, the Group's profit will decrease by RMB2,600,000 (2014 - RMB3,200,000).

A 10% increase in the price of steel for the financial year ended 31 March 2015 would have the effect of decreasing the profit before taxation by the amount shown below as the Group may be unable to pass on the increase in costs to its customers. This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group	**2015** **RMB'000**	2014 RMB'000
Effect of decreasing profit before taxation by:	**8,627**	18,624

A 10% decrease in the price of steel for the financial year ended 31 March 2015 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

Fair value estimation on unlisted securities

The Group holds unlisted shares in Tat Hong Equipment (China) Pte Ltd ("THEC") that are not traded in an active market with a carrying amount of RMB79,467,000. The Group has used income approach for valuing these financial assets and made estimates about expected future cash flows.

If the weighted average cost of capital used in the discounted cash flow analysis had been higher/lower by 1% from management's estimates, the Group's carrying amount of available-for-sale financial assets would have been lower by RMB12,541,000 and higher by RMB15,663,000 respectively. Management will, in evaluating the fair value, continue to monitor the financial performance and conditions of THEC going forward and where necessary provide for impairment losses if and only if, there are objective evidence of impairment.

Significant judgements in applying accounting policies

Impairment of available-for-sale financial assets (Note 9)

The Group reviews and records impairment charges on available-for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgements. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. The management has assessed that no impairment is necessary for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Impairment of loans and receivables (Note 10)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Notes 7, 8, 10, 14 and 15 to the financial statements.

Income tax (Note 25)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets (Note 12 and Note 25)

The Group recognises deferred tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test.

The concessionary tax rate of 15% of one of the subsidiaries – Fushun Yongmao Construction Machinery Co., Ltd. (抚顺永茂建筑机械有限公司) ("Fushun Yongmao") had expired in December 2014. The subsidiary has applied for an extension of the concessionary taxes which is currently pending confirmation by the local tax authority. The additional deferred tax income was not adjusted as management is confident that the renewal of the concessionary tax rate will be successful. If the tax authority does not approve the extension of the concessionary tax rate, the estimated deferred tax assets for Fushun Yongmao will increase by approximately RMB5,000,000 as at 31 March 2015.

As at 31 March 2015, the Group recognised shareholdings of certain group entities, for which deferred tax assets amounting to RMB16,896,000 was recognised based on the anticipated future use of tax losses and other deductible temporary differences carried forward by those entities. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred tax asset will have to be written off as income tax expense.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

2(b) Interpretations and amendments to published standards effective in the financial year 2015

On 1 April 2014, the Company and the Group adopted the new and amended FRSs that are mandatory for application from that date. Changes to the Company's and the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Company and the Group:

Reference	Description
Revised FRS 27	*Separate Financial Statements*
Revised FRS 28	*Investments in Associates and Joint Ventures*
FRS 110	*Consolidated Financial Statements*
FRS 111	*Joint Arrangements*
FRS 112	*Disclosure of Interests in Other Entities*
Amendments to FRS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to FRS 36	*Recoverable Amount Disclosures to Non-Financial Assets*
INT FRS 121	*Levies*
FRS 19	*Defined Benefit Plan: Employee Contributions*
Improvements to FRS 102	*Share-based Payment*
Improvements to FRS 103	*Business Combinations*

The adoption of these new and amended FRSs and INT FRS in the current financial year did not have a material impact on the financial statements of the Company and the Group in the period of their initial adoption except for the following:

FRS 110 *Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements*

The following is an illustrative disclosure of the impending changes in accounting policy on adoption of FRS 110 and Revised FRS 27.

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgement to determine whether entities are controlled and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements.

The Group has reassessed the entities that the Group controls and there are no resulting changes required.

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures* are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of the equity method to investments in joint ventures in addition to associates.

The Group has reassessed the classification of joint arrangements and there are no resulting changes required.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

2(b) Interpretations and amendments to published standards effective in the financial year 2015 (Cont'd)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements.

As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company and the Group when applied. The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 April 2014. The Group has incorporated the additional required disclosures into the financial statements.

2(c) FRS not yet effective

The following are the new or amended FRS and INT FRS issued but not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 19	*Defined Benefit Plan: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)		
- FRS 16	*Property, Plant and Equipment*	1 July 2014
- FRS 24	*Related Party Disclosures*	1 July 2014
- FRS 38	*Intangible Assets*	1 July 2014
- FRS 108	*Operating Segments*	1 July 2014
Improvements to FRSs (February 2014)		
- FRS 40	*Investment Property*	1 July 2014
- FRS 103	*Business Combinations*	1 July 2014
- FRS 113	*Fair Value Measurement*	1 July 2014
Improvements to FRSs (November 2014)		
- FRS 19	*Employee Benefits*	1 January 2016
- FRS 34	*Interim Financial Reporting*	1 January 2016
- FRS 105	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
- FRS 107	*Financial Instruments: Disclosures*	1 January 2016
FRS 1	*Amendments to FRS 1: Disclosure Initiative*	1 January 2016
FRS 27	*Amendments to FRS 27: Equity Method in Separate Financial Statements*	1 January 2016
FRS 16, FRS 38	*Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
FRS 16, FRS 41	*Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants*	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

2(c) FRS not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 110, FRS 28	*Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 110, FRS 112, FRS 28	*Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 111	*Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
FRS 114	*Regulatory Deferral Accounts*	1 January 2016
FRS 115	*Revenue from Contracts with Customers*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018

The directors of the Company and the Group do not anticipate that the adoption of the above new or amendments to FRSs in future periods will have a material impact on the financial statements of the Company and the Group in the period of their initial adoption except for the following:

Improvements to FRSs (January 2014) FRS 24 *Related Party Disclosures*

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The improvements to FRSs (January 2014) FRS 24 Related Party Disclosures are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company and the Group when implemented.

Improvements to FRSs (January 2014) FRS 108 *Operating Segments*

The Improvements to FRSs (January 2014) FRS 108 Operating Segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. As this is a disclosure standard, it will not have any impact on the financial statements.

FRS 115 Revenue from Contracts with Customers

FRS 115 Revenue from Contracts with Customers requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. FRS 115 is effective for annual periods beginning on or after 1 January 2017. The directors are still assessing its impact but which cannot be ascertained presently.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

2(c) FRS not yet effective (Cont'd)

FRS 109 (January 2014) Financial Instruments

FRS 109 Financial Instruments replaces FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- classification and measurement,
- a single, forward-looking "expected loss" impairment model, and
- a substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The directors are still assessing its impact but which cannot be ascertained presently.

3 Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

<u>Acquisition of businesses</u>

Subsequent to the business combination adopted under common control, the acquisition accounting is used to account for business combination by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Acquisition of businesses (Cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate the depreciable amount of these assets after deducting the residual value over their estimated useful lives as follows:

Buildings and plant structure	20 years
Plant and machinery[1]	1 - 12 years
Motor vehicles[1]	1 - 10 years
Electronic system and equipment[1]	1 - 10 years
Furniture and fittings	5 years
Renovation[1]	2 - 10 years

[1] Certain items of property, plant and equipment were depreciated between 1-3 years as these were acquired from third parties and such items are already in use.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated depreciation. Land use rights are depreciated on a straight line basis over the lease term of 50 years.

No depreciation is provided on construction-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate at the end of each reporting period as a change in estimates. The useful lives and depreciation method are reviewed at each financial year-end to ensure that the method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the period in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles, if any, are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Trademark

Costs relating to trademark which is acquired from Fushun Yongmao Engineering Machinery Co., Ltd. (抚顺永茂工程机械有限公司) by way of capital contribution-in-kind, are capitalised and amortised on a straight-line basis over the remaining useful life as at the effective date of transfer. The trademark has nil carrying value as at 31 March 2015 (2014 - RMBNil).

Crawler crane design and manufacturing drawings

Costs relating to crawler crane design and manufacturing drawings which are acquired from Fushun Engineering Machinery Manufacturing Co., Ltd. (抚顺工程机械制造有限公司) are capitalised and amortised on a straight-line basis over their useful life of 10 years. The useful life is reviewed annually and adjusted as appropriate at the end of each reporting year as a change in estimate.

Goodwill

Goodwill on acquisitions of subsidiaries on or after 1 April 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 April 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries, if any, is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 April 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Investments in subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses on an individual subsidiary basis. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Investments in associated companies

An associated company is an entity over which the Group has significant influence and the power to participate in the financial and operating policy decisions of the investee but has no control of those policies.

In the Company's separate financial statements, investments in associated companies are carried at cost less any accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The Group account for its investments in associated companies using the equity method from the date on which it becomes an associated company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The profit or loss reflects the share of results of operations of the associated companies. Distributions received from associated companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associated companies are eliminated to the extent of the interest in the associated companies.

When the Group's share of the unrealised gains on transactions between the Group and its associated companies exceeds the carrying value of the investment held, the credit balance is classified as "deferred income".

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associated companies. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated companies are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associated company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would have been required if that associated company had directly disposed of the related assets or liabilities.

When an investment in an associated company becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associated company is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company or the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Other than loan and receivables and available-for-sale financial assets, the Company and the Group do not designate any financial assets at fair value through profit or loss or held-to-maturity investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company or the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Loans and receivables include trade and other receivables, amounts owing by subsidiaries, a corporate shareholder of a subsidiary and an associated company, related party balances and cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are presented as non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

All financial assets within this category are subsequently measured at fair value, if any, with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in profit or loss for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity instruments carried at cost are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of the reporting period.

Impairment of financial assets

The Group assesses at each date of the financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company and the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets, if any, with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Deferred income and deferred costs

Sales with seller undertaking provided to banks or financial institutions

Where sale is a series of transactions involving a sale, the seller undertaking and loan agreement between the customer and the bank or financial institution and are regarded as a single transaction and cannot be bifurcated, the transfer of risks and rewards of ownership occur at a different time from the transfer of legal title or passing of possession, the recognition of revenue is based on the flow of economic benefits to the Group ie:-

(i) the Group receives upfront payment; and

(ii) when banks or financial institutions receive the installment payment progressively.

Any unpaid sum to which the banks or financial institutions remains unpaid is regarded as deferred income.

Deferred costs relates to the extent of the costs incurred in the manufactured goods where the revenue is not recognised for the delivery of goods.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted-average basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost consists of cost of raw materials, direct labour and an appropriate proportion of production overheads based on the normal operating capacity.

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company and the Group if that person (i) has control or joint control over the Company; (ii) has significant influence over the Company; or (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company; or

b) An entity is related to the Company and the Group if any of the following conditions applies: (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; (vi) the entity is controlled or jointly controlled by a person identified in (a); or (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of restricted bank balances.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in the equity attributable to equity holders as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends, if any, are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables, amounts owing to a corporate shareholder of a subsidiary and associated companies, related party balances and borrowings.

Financial liabilities are recognised when the Company and the Group become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Company's and the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statements of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statements of financial position.

Trade and other payables, amounts owing to a corporate shareholder of a subsidiary and associated companies and related party balances are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Dividend distributions to shareholders, if any, are included in current financial liabilities when the dividends are payable.

Financial guarantees

The Company has issued corporate guarantees to banks for borrowings granted to its subsidiaries and an associated company. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the entities fail to make principal or interest payments when due in accordance with the terms of their respective borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Financial guarantees (Cont'd)

Financial guarantee contracts are initially recognised at their fair values plus transaction costs in the statements of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the entities' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the statements of financial position.

Intra-group transactions are eliminated on consolidation.

Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction, if any.

Leases

When the Group is the lessor:

Operating leases

Rental income of assets and sub-leased assets (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the Group is the lessee:

Finance leases

When assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment and depreciation".

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Provisions

Provisions, including provision for warranty costs, are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is calculated based on historical experience of the level of repairs and replacements.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue excludes goods and services taxes ("GST") and value-added taxes ("VAT"), where applicable, and is arrived at after deduction of trade discounts.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the lease term of the lease. Lease incentives, if any, granted are recognised as an integral part of the total rental income to be received. Contingent rentals, if any, are recognised as income in the accounting period in which they are earned.

Rendering of services

Service income is recognised in the accounting period in which the relevant services are rendered.

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income

Dividend income from investments is recognised gross when the right to receive the dividend has been established.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Employee benefits

Pension obligations

The Company and the Group participate in the defined contribution national pension and other welfare schemes as provided by the laws of the countries in which it has operations. The contributions to these schemes are charged to profit or loss in the period to which the contributions relate.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised for the Singapore incorporated companies in the Group when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

No provision has been made for employee leave entitlements of the other entities as any unconsumed annual leave not utilised will be forfeited.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in RMB, which is also the functional currency of the Company, rounded to the nearest thousand (RMB'000), unless otherwise stated.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, if any, are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

When a foreign operation is disposed of or any borrowing forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses are presented on a net basis in profit or loss within "other operating expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

3 Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies (Cont'd)

Translation of Group entities' financial statements

The results and financial position of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the date of the end of the reporting period;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations, if any, are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 33 to the financial statements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Disclosures on the Group's operating segments are provided in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

4 Revenue

Revenue representing sale, rental and servicing of towercranes, towercrane components and accessories, excluding applicable GST or VAT, is detailed as follows:

The Group	**2015 RMB'000**	2014 RMB'000
Sale of manufactured towercranes	**552,107**	727,991
Sale of towercrane components and accessories	**83,500**	122,225
Rental income	**80,657**	43,157
Service income	**66,705**	16,227
	782,969	909,600

Service income relates mainly to servicing, maintenance, installation, erection and dismantlement charges for towercranes.

5 Property, plant and equipment

The Company	Electronic system and equipment RMB'000
Cost	
Balance as at 1 April 2013	11
Disposals	(11)
Balance as at 31 March 2014 and 31 March 2015	**–**
Accumulated depreciation	
Balance as at 1 April 2013	11
Disposals	(11)
Balance as at 31 March 2014 and 31 March 2015	**–**
Net book value	
Balance as at 31 March 2014 and 31 March 2015	**–**

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

5 Property, plant and equipment (Cont'd)

The Group	Land use rights RMB'000	Buildings and plant structure RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electronic system and equipment RMB'000	Furniture and fittings RMB'000	Renovation RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost									
Balance as at 1 April 2013	9,858	200,172	203,020	21,369	6,287	210	5,098	3,215	449,229
Additions	9,981	–	11,712	4,604	1,342	8	2,204	2,041	31,892
Disposals	–	(588)	(33)	(759)	(51)	–	(1,663)	–	(3,094)
On acquisition of subsidiaries	–	–	81	108	327	238	1,045	–	1,799
Transfer during the year	–	559	4,815	–	–	–	59	(5,433)	–
Transfer from inventories	–	–	65,225	–	156	–	–	430	65,811
Transfer to inventories	–	–	(3,427)	–	–	–	–	(202)	(3,629)
Exchange translation difference	–	–	933	27	5	3	26	–	994
Balance as at 31 March 2014	**19,839**	**200,143**	**282,326**	**25,349**	**8,066**	**459**	**6,769**	**51**	**543,002**
Additions	**–**	**11,117**	**7,808**	**4,516**	**139**	**–**	**459**	**–**	**24,039**
Disposals	**–**	**–**	**(1,008)**	**(860)**	**(74)**	**–**	**–**	**–**	**(1,942)**
Transfer during the year	**–**	**–**	**276**	**–**	**–**	**–**	**–**	**(276)**	**–**
Transfer from inventories	**–**	**14**	**31,603**	**–**	**49**	**–**	**–**	**662**	**32,328**
Transfer to inventories	**–**	**–**	**(4,930)**	**–**	**–**	**–**	**–**	**–**	**(4,930)**
Exchange translation difference	**–**	**–**	**(26)**	**(152)**	**(28)**	**(1)**	**(105)**	**–**	**(312)**
Balance as at 31 March 2015	**19,839**	**211,274**	**316,049**	**28,853**	**8,152**	**458**	**7,123**	**437**	**592,185**
Accumulated depreciation									
Balance as at 1 April 2013	542	11,473	39,244	12,257	4,220	84	1,206	–	69,026
Depreciation for the year	247	9,001	22,860	2,318	893	40	760	–	36,119
Disposals	–	(172)	(29)	(551)	(45)	–	(214)	–	(1,011)
On acquisition of subsidiaries	–	–	31	52	216	43	192	–	534
Transfer to inventories	–	–	(354)	–	–	–	–	–	(354)
Exchange translation difference	–	–	192	–	4	1	3	–	200
Balance as at 31 March 2014	**789**	**20,302**	**61,944**	**14,076**	**5,288**	**168**	**1,947**	**–**	**104,514**
Depreciation for the year	**397**	**9,567**	**30,058**	**3,615**	**1,010**	**50**	**934**	**–**	**45,631**
Disposals	**–**	**–**	**(315)**	**(753)**	**(69)**	**–**	**–**	**–**	**(1,137)**
Transfer to inventories	**–**	**–**	**(734)**	**–**	**–**	**–**	**–**	**–**	**(734)**
Exchange translation difference	**–**	**–**	**12**	**(100)**	**(20)**	**(1)**	**(57)**	**–**	**(166)**
Balance as at 31 March 2015	**1,186**	**29,869**	**90,965**	**16,838**	**6,209**	**217**	**2,824**	**–**	**148,108**
Net book value									
Balance as at 31 March 2015	**18,653**	**181,405**	**225,084**	**12,015**	**1,943**	**241**	**4,299**	**437**	**444,077**
Balance as at 31 March 2014	19,050	179,841	220,382	11,273	2,778	291	4,822	51	438,488

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

5 Property, plant and equipment (Cont'd)

The Group	**2015 RMB'000**	2014 RMB'000
Depreciation expense charged to:		
Cost of sales	**37,011**	30,651
Distribution costs (Note 23(b))	**2,122**	1,215
Administrative expenses (Note 23(c))	**6,498**	4,253
	45,631	36,119

The net book value of plant and machinery financed under finance leases for the Group amounted to RMB103,475,000 (2014 - RMB41,382,000).

The net book value of motor vehicles and electronic system and equipment acquired under finance leases for the Group amounted to RMB2,844,000 (2014 - RMB3,311,000).

Land use rights

Land use rights relate to the following plots of land at No. 2, Qianlingerlu Road, Shuncheng District, Fushun City, Liaoning Province, the PRC, 113126 where the Group's PRC manufacturing and storage facilities reside:

	Land area Square metres	**Amount paid** RMB'000	**Tenure** years	**Expiry date**
Parcel of land #1	182,373	9,858	50	13 January 2060
Parcel of land #2	29,395	9,521	50	31 December 2063
Parcel of land #3	1,421	460	50	31 December 2063
	213,189	19,839		

The land use rights are not transferable and will be depreciated as follows:

The Group	**2015 RMB'000**	2014 RMB'000
Amount to be depreciated:		
Not later than one year	**397**	397
Later than one year and not later than five years	**1,588**	1,588
Later than five years	**16,668**	17,065
	18,653	19,050

As at 31 March 2015, the Group is still in the process of obtaining land certificates from the authority for parcels of land #2 and #3 with a carrying amount of RMB9,732,000 (2014 - RMB9,932,000). The Group does not foresee significant issues in receiving these land certificates and is in constant discussions with the relevant authorities in obtaining such certificates.

Buildings and plant structure

The cost of plant structure of RMB1,302,000 (2014 - RMB1,302,000) relates to the structural costs incurred on the factory buildings on the leasehold land belonging to Beijing Construction Group Co., Ltd. ("Beijing Construction") [北京建工集团有限责任公司] for which the subsidiary, Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") leases the buildings on the leasehold land for a period of 10 years, commencing 1 October 2006 [see Note 29.1(a)].

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

5 Property, plant and equipment (Cont'd)

Buildings and plant structure (Cont'd)

The cost of the buildings and plant structure of RMB209,972,000 (2014 - RMB198,841,000) relates to structural costs incurred on the office and factory buildings on the above land located at No. 2, Qianlingerlu Road, Shuncheng District, Fushun City, Liaoning Province, the PRC, 113126.

6 Intangible assets

The Group	Trademark RMB'000	Patents RMB'000	Crawler crane design and manufacturing drawings RMB'000	Total RMB'000
Cost				
Balance as at 1 April 2013	4,006	2,404	1,000	7,410
Disposals	–	(2,404)	–	(2,404)
Balance as at 31 March 2014 and 31 March 2015	**4,006**	**–**	**1,000**	**5,006**
Accumulated amortisation				
Balance as at 1 April 2013	4,006	2,321	550	6,877
Amortisation for the year	–	83	100	183
Disposals	–	(2,404)	–	(2,404)
Balance as at 31 March 2014	**4,006**	**–**	**650**	**4,656**
Amortisation for the year	**–**	**–**	**100**	**100**
Balance as at 31 March 2015	**4,006**	**–**	**750**	**4,756**
Net book value				
Balance as at 31 March 2015	**–**	**–**	**250**	**250**
Balance as at 31 March 2014	–	–	350	350

Trademark relates to the right to use the business name "永茂", for a period of 10 years, expiring 20 February 2021.

Crawler crane design and manufacturing drawings purchased from a related party, Fushun Engineering Machinery Manufacturing Co., Ltd. (抚顺工程机械制造有限公司) is for the purpose of providing capabilities to the Group to manufacture crawler cranes in the future.

In the opinion of the directors of the Group, there is no indication that the recorded book value cannot be recovered from the business operations in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries

The Company	2015 RMB'000	2014 RMB'000
Unquoted equity investments, at cost		
Balance as at beginning of year	**314,988**	288,126
Additional investments during the year	**–**	26,862
Balance as at end of year	**314,988**	314,988
Amounts owing by subsidiaries presented as current assets		
- Dividends receivable	**1,087**	71,833
- Non-trade		
- Interest-free	**19,417**	–
- Interest-bearing	**12,986**	11,721
	32,403	11,721
	33,490	83,554

Amounts owing by subsidiaries are denominated in the following currencies:

Renminbi	**–**	70,746
Singapore dollar	**19,417**	–
United States dollar	**3,791**	3,725
Hong Kong dollar	**10,282**	9,083
	33,490	83,554

The non-trade amounts owing by subsidiaries, relate to advances made, are unsecured and receivable on demand. The interest-bearing amount owing by a subsidiary is charged at the interest of 3.75% (2014 - 3.75%) per annum.

Business combinations

On 1 October 2013, the Group's subsidiary, YMHK has completed the acquisitions of Eastime Engineering Limited ("EEL") and Eastime Engineering (Macau) Co., Ltd. ("EEM") (the "Sale Companies") and the assets of Eastime Construction Equipment Engineering Limited ("EC") (the "Sale Assets") as part of the sale and purchase and joint venture agreement (the "Agreement") entered with Eastime Holdings Limited ("EHT"), EC, EEL, EEM and Chan Chuek Tim ("CCT").

Pursuant to the Agreement:

a) YMHK has issued and allotted 25,000,000 new shares at HKD1 each to the Company by capitalising HKD25,000,000 (RMB19,616,000) of the amount owing by YMHK to increase the share capital of YMHK from HKD2,000,000 to HKD27,000,000; and

b) YMHK has issued a further 18,000,000 new shares at HKD1 each to EHT, which was settled by the acquisition of the Sale Companies of HKD5,455,000 (RMB4,306,000), acquisition of the Sale Assets of HKD10,990,000 (RMB8,674,000) and cash of HKD1,555,000 (RMB1,228,000).

As a result, the Company's equity interests in YMHK was diluted from 100% to 60%. YMHK now holds 100% of the equity interests in EEL while EEL holds 100% of the equity interests in EEM. The principal activities of EEL and EEM are that of sale, distribution, rental and servicing of towercranes, construction machinery and related components.

As a result of the acquisition, the Group is expected to increase its presence in the rental, sale, servicing, maintenance, installation, erection and dismantlement of towercranes in Hong Kong and Macau by leveraging on EHT's and CCT's expertise and experience in these areas.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries (Cont'd)

Business combinations (Cont'd)

The shares of YMHK issued to non-controlling interests were settled as follows:

	2014 RMB'000
Acquisition of the Sale Companies	4,306
Acquisition of the Sale Assets	8,674
Cash received	1,228
Shares of a subsidiary issued to non-controlling interests	**14,208**

The value of assets and liabilities of the Sale Companies and the cash flow effect of the acquisitions were:

	2014 RMB'000
Property, plant and equipment	1,265
Inventories	1,870
Trade and other receivables	20,514
Cash and cash equivalents	2,190
Total assets	25,839
Borrowings	(1,714)
Trade and other payables	(10,650)
Amount owing to immediate holding company, YMHK	(7,488)
Amount owing to non-controlling interests	(601)
Tax payable	(474)
Total liabilities	(20,927)
Net assets acquired	4,912
Gain from bargain purchase of subsidiaries (Note 23(a))	(606)
Consideration for acquisition of subsidiaries	4,306
Shares of YMHK issued to non-controlling interests	(4,306)
Amount owing to immediate holding company, YMHK	7,488
Less: Cash and cash equivalents in subsidiaries acquired	(2,190)
Net cash outflow on acquisition	5,298

The value of the Sale Assets and the cash flow effect of the acquisitions were:

	2014 RMB'000
Property, plant and equipment	8,516
Inventories	118
Trade and other receivables	40
Consideration for assets acquired	8,674
Shares of YMHK issued to non-controlling interests	(8,674)
Cash injection by non-controlling interests	–

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries (Cont'd)

Business combinations (Cont'd)

Effect of changes in ownership interest without loss of control:

	2014 RMB'000
Carrying amount acquired by non-controlling interests	15,873
Adjustment attributable to non-controlling interests	
- Exchange fluctuation reserve	(201)
	15,672
Less: Consideration paid by non-controlling interests, net of transaction costs	(14,208)
Difference derecognised in retained profits	1,464

Gain from bargain purchase of subsidiaries

Gain from bargain purchase of subsidiaries relates to the amount of the gain from the acquisition of EEL and EEM. The fair value of the identifiable assets acquired and liabilities assumed has been determined based on the final valuation report issued by the independent valuer.

The gain from bargain purchase of RMB606,000 arose from the acquisition of EEL and EEM primarily due to profits from operations from the date of signing of the Agreement and the completion date.

Non-controlling interests

The Group has chosen to recognise the 40% non-controlling interest at the non-controlling interest's proportionate share of the acquirees' net identifiable assets.

Acquisition-related costs

Acquisition-related costs of RMB178,000 were included in "administrative expenses" in the consolidated statement of profit or loss and in operating cash flows in the consolidated statement of cash flows.

Revenue and profit contribution

The acquired business contributed revenue of RMB29,042,000 and net loss of RMB2,174,000 to the Group from the period from 1 October 2013 to 31 March 2014. Had EEL and EEM been consolidated from 1 April 2013, consolidated revenue and consolidated profit after taxation of the Group for the financial year ended 31 March 2014 would have been RMB941,152,000 and RMB58,413,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries (Cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Effective percentage of equity held		Principal activities
		2015	2014	**2015**	2014	
		RMB'000	RMB'000	**%**	%	
Subsidiaries held by the Company						
Fushun Yongmao Construction Machinery Co., Ltd. (抚顺永茂建筑机械有限公司) [1 3]	The People's Republic of China	**291,194**	291,194	**100**	100	Manufacturing, sale and rental of towercranes and construction machinery
Yongmao Machinery Pte. Ltd. [2]	Singapore	**2,490**	2,490	**100**	100	Sale and servicing of towercranes and construction machinery
Yongmao Machinery (H.K.) Company Limited [5]	Hong Kong	**21,304**	21,304	**60**	60	Sale, distribution, rental and servicing of towercranes, construction machinery and related components
Subsidiaries held by Fushun Yongmao						
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工机械制造有限公司) [1 4]	The People's Republic of China	**[7]**	[7]	**66**	66	Manufacturing and sale of towercranes and construction machinery
Changzhou Yongmao Heavy Industry Machinery Co., Ltd. (常州永茂重工机械有限公司) [1 3]	The People's Republic of China	**[7]**	[7]	**80**	80	Manufacturing and sale of towercranes and construction machinery (Presently dormant)
Subsidiary held by YMHK						
Eastime Engineering Limited [5]	Hong Kong	**[7]**	[7]	**60**	60	Sale, distribution, rental and servicing of towercranes, construction machinery and related components
Subsidiary held by EEL						
Eastime Engineering (Macau) Co., Ltd. [6]	Macau	**[7]**	[7]	**60**	60	Sale, distribution, rental and servicing of towercranes, construction machinery and related components
		314,988	314,988			

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries (Cont'd)

[1] Audited by Foo Kon Tan LLP for the purpose of FRS reporting

[2] Audited by Foo Kon Tan LLP

[3] Audited by PRC auditors, Liao Ning ZhongHuaXin Certified Public Accountants Co., Ltd. (辽宁中华信会计师事务所有限公司), for local statutory reporting purposes

[4] Audited by PRC auditors, Beijing Dong Yi Jun An Certified Public Accountants Co., Ltd. (北京东易君安会计师事务所有限公司), for local statutory reporting purposes

[5] Audited by Shinewing LLP, Certified Public Accountants

[6] Audited by Shinewing LLP, Certified Public Accountants, for the purpose of FRS reporting

[7] Interest held through subsidiaries

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period RMB'000	Accumulated NCI at the end of reporting period RMB'000	Dividends paid to NCI RMB'000
31 March 2015				
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工机械制造有限公司)	66%	63	23,002	–
Yongmao Machinery (H.K.) Company Limited group of companies	60%	14,937	32,794	–
31 March 2014				
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工机械制造有限公司)	66%	3,770	22,939	409
Yongmao Machinery (H.K.) Company Limited group of companies	60%	1,943	17,847	–

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries (Cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on consolidation on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.		Yongmao Machinery (H.K.) Company Limited group of companies	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current assets	**13,368**	13,582	**149,464**	139,029
Current assets	**198,990**	181,841	**65,992**	44,285
Total assets	**212,358**	195,423	**215,456**	183,314
Non-current liabilities	**23,972**	26,732	**8,481**	2,508
Current liabilities	**123,051**	104,050	**124,990**	136,188
Total liabilities	**147,023**	130,782	**133,471**	138,696
Net assets	**65,335**	64,641	**81,985**	44,618

Summarised statement of profit or loss and comprehensive income

	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.		Yongmao Machinery (H.K.) Company Limited group of companies	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**200,300**	265,067	**155,330**	81,660
(Loss)/profit before taxation	**(102)**	12,177	**44,128**	10,693
Profit after taxation	**694**	11,381	**37,343**	8,456
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**694**	11,381	**37,343**	8,456

Other summarised information

	Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd.		Yongmao Machinery (H.K.) Company Limited group of companies	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows generated from/(used in):				
Operating activities	**558**	4,961	**15,136**	33,826
Investing activities	**(619)**	3,648	**(647)**	(53,718)
Financing activities	**(113)**	–	**(9,880)**	28,685

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

7 Subsidiaries (Cont'd)

Summarised financial information about subsidiaries with material NCI (Cont'd)

Summarised financial information in respect of the material non-controlling interest in YMHK has been presented in so far as it relates to the consolidated financial information of YMHK and its subsidiaries as the non-controlling interest of 40% is held at YMHK who in turns holds 100% of its subsidiaries.

Management is of the view that presenting the consolidated summarised financial information of YMHK is more relevant and appropriate that allows users to better understand the interest that non-controlling interests have in that group's activities and cash flows.

8 Associated companies

		The Company		The Group	
		2015	2014	**2015**	2014
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Unquoted equity investments					
Balance as at beginning of year		**13,500**	13,500	**61,577**	58,594
Disposal during the year on restructuring		**(13,500)**	–	**(68,364)**	–
Share of results of associated companies		**–**	–	**–**	247
Unrealised profits recognised		**–**	–	**14,452**	1,357
Transfer (from)/to deferred income		**–**	–	**(7,665)**	1,378
Exchange translation difference	26	**–**	–	**–**	1
Balance as at end of year		**–**	13,500	**–**	61,577
Amount owing by an associated company presented as current assets - trade		**–**	–	**–**	1,064
Amount owing to an associated company presented as current assets - trade		**–**	–	**–**	407
Advance payments from associated companies		**–**	–	**–**	2,238
		–	–	**–**	2,645

In the financial year 2014, investment in associated companies includes goodwill of RMB6,959,000.

The advance payments from associated companies represented down-payment for sales orders made or advance payments received for sales not yet delivered. These amounts were unsecured, interest-free and repayable on demand. The carrying value approximates the fair value of the advances.

The amount owing by, amount owing to and advance payments from associated companies were denominated in RMB.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

8 Associated companies (Cont'd)

The summarised financial information of the individually immaterial associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

The Group	**2015 RMB'000**	2014 RMB'000
Net profit from continuing operations	**–**	247
Other comprehensive income	**–**	1
Total comprehensive income	**–**	248

The associated companies are:

Name	Country of incorporation/ principal place of business	Effective percentage of equity held **2015 %**	2014 %	Principal activities
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司)[1][2]	The People's Republic of China	**–**	38.21	Providing rental services for towercrane, heavy lifting equipment and other related services including installation, repair and maintenance on those construction equipment and machinery
Sichuan Tat Hong Yuanzheng Machinery Construction Co., Ltd. (四川达丰元正机械工程有限公司)[1][3]	The People's Republic of China	**–**	17.19[5]	Providing rental services for towercrane, heavy lifting equipment and other related services including installation, repair and maintenance on those construction equipment and machinery
Tat Hong Zhaomao Investment Co., Ltd. (达丰兆茂投资有限公司)[1][4]	The People's Republic of China	**–**	25.00	Investment holding company

1 Audited by KPMG LLP for the purpose of FRS reporting

2 In the financial year 2014, 17.83% held by the Company, 11.89% held through a wholly-owned subsidiary, Fushun Yongmao, and 8.49% held through the associated company, Tat Hong Zhaomao Investment Co., Ltd. (达丰兆茂投资有限公司)

3 Held through the associated company, Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司)

4 Held through a wholly-owned subsidiary, Fushun Yongmao

5 Although the Group had only 17.19% interest in the company, the Group had board representation of the associated company

On 30 April 2014, the Company and its subsidiary, Fushun Yongmao completed the restructuring of Tat Hong Zhaomao Investment Co., Ltd. (达丰兆茂投资有限公司) ("THZMI") and Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司) ("BJTHZM") per the Company's Circular to Shareholders dated 16 December 2013. THZMI and BJTHZM (together with Sichuan Tat Hong Yuanzheng Machinery Construction Co., Ltd. (四川达丰元正机械工程有限公司)) ceased to be the associated companies of the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

8 Associated companies (Cont'd)

The Company transferred its 17.83% equity interest in BJTHZM for a consideration of new shares in the capital of THEC, which represent approximately 2% of the enlarged issued and paid up capital of THEC. The number of THEC shares allotted is based on the Company's original cost of investment in BJTHZM amounting to RMB13,500,000 (SGD2,700,000).

The Company subscribed for 13,035,099 shares in the issued and paid up capital of THEC for cash, which resulted in approximately 9.6% of the enlarged issued and paid up capital of THEC of 135,593,328 shares. The number of THEC shares allotted is based on the total cost of investments by Fushun Yongmao in BJTHZM and THZMI, amounting to RMB65,175,000 (SGD13,035,000).

The fair value on acquisition of available-for-sale financial assets was based on the total cost of investments divided by number of shares held, as below:

Fair value on acquisition of available-for-sale financial assets	Percentage of holding	No. of shares	SGD'000	RMB'000
The Company's equity interest in BJTHZM transferred to THEC	2.0%	2,700,000	2,700	13,500
Subscription by the Company in THEC	9.6%	13,035,099	13,035	65,175
	11.6%	15,735,099	15,735	78,675

The resultant gain on the restructuring for the Group was as follow:

		2015 RMB'000
Net assets disposed of		**68,364**
Reclassification from other comprehensive income (Note 26)		**(1,747)**
		66,617
Gain on disposal	(A)	**2,102**
Proceeds from disposal		**68,719**
Fair value on acquisition of available-for-sale financial assets (Note 9)		**78,675**
Gain on subscription	(B)	**(9,956)**
Subscription of shares		**68,719**
Gain on restructuring (Note 23(a))	(A) - (B)	**12,058**

The Company and the Group now holds 11.6% equity interest in THEC which is classified as non-current available-for-sale financial assets at its fair value (see Note 9).

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

9 Available-for-sale financial assets

	Note	The Company		The Group	
		2015	2014	**2015**	2014
		RMB'000	RMB'000	**RMB'000**	RMB'000
Unquoted equity investments					
Balance as at beginning of year		**–**	–	**–**	–
Restructuring on 30 April 2014 [1]	8	**78,675**	–	**78,675**	–
Fair value gains recognised in other comprehensive income	26	**792**	–	**792**	–
Balance as at end of year [2]		**79,467**	–	**79,467**	–

[1] This refers to the fair value on acquisition of available-for-sale financial assets on 30 April 2014. Initial fair value was based on the total cost of investment divided by number of shares held.

[2] The fair value of unquoted equity investments in THEC as at 31 March 2015 is based on the valuation report issued by an independent valuer.

Disclosures on the valuation techniques, policies and procedures are provided in Note 35 to the financial statements.

10 Trade and other receivables

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**–**	–	**366,585**	329,570
Allowance for impairment of trade receivables				
Balance as at beginning of year	**–**	–	**(12,631)**	(4,321)
Allowance for the year (Note 23(d))	**–**	–	**(6,854)**	(8,310)
Provision written off	**–**	–	**4,321**	–
Balance as at end of year	**–**	–	**(15,164)**	(12,631)
Net trade receivables	**–**	–	**351,421**	316,939
Bills receivables	**–**	–	**21,700**	5,070
GST or VAT receivables	**–**	–	**2,203**	5,610
Staff loans	**–**	–	**1,761**	2,089
Staff advances	**–**	–	**2,570**	2,606
Advances made to suppliers of raw materials	**–**	–	**4,144**	16,285
Down-payment for property, plant and equipment	**–**	–	**30**	2,620
Refundable deposits	**1**	1	**535**	836
Prepayments	**174**	193	**952**	1,767
Tax recoverable	**–**	–	**1,528**	525
Advances to a director of a subsidiary	**–**	–	**5**	5
Amounts owing by related companies of corporate shareholders of subsidiaries				
- trade	**–**	–	**6,637**	8,701
- non-trade	**–**	–	**–**	56
Other receivables	**–**	–	**305**	1,661
	175	194	**393,791**	364,770
Less: Trade and other receivables - non-current	**–**	–	**(535)**	(1,388)
	175	194	**393,256**	363,382

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

10 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**–**	–	**326,667**	309,231
Singapore dollar	**175**	194	**6,699**	16,481
United States dollar	**–**	–	**15,540**	9,972
Hong Kong dollar	**–**	–	**18,194**	16,824
Macanese Pataca	**–**	–	**26,691**	12,262
	175	194	**393,791**	364,770

Trade receivables are usually due within 30 - 180 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Company and the Group do not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers. At the end of the reporting period, trade receivables include retention money of RMB7,703,000 (2014 - RMB10,597,000).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group were as follows:

The Group	**2015**	2014
	RMB'000	RMB'000
Current	**279,837**	213,873

The trade amounts owing by related companies of corporate shareholders of subsidiaries and other receivables categorised as financial assets as disclosed in this report, are considered current and not past due.

Financial assets that are past due but not impaired

The age analysis of trade and other receivables past due but not impaired was as follows:

The Group	**2015**	2014
	RMB'000	RMB'000
Past due 0 to 3 months	**35,391**	90,767
Past due 3 to 6 months	**30,534**	31,352
Past due 6 to 9 months	**22,278**	10,420
Past due 9 to 12 months	**6,212**	4,666
Past due over 12 months	**19,539**	13,692

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

10 Trade and other receivables (Cont'd)

Financial assets that are past due and impaired

The age analysis of trade receivables past due and impaired was as follows:

The Group	**2015 RMB'000**	2014 RMB'000
Past due over 12 months	**15,164**	12,631

Impairment on trade receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

The bills receivables from third parties which are interest-free mature as follow:

The Group	**2015**	2014
The earliest date	**20 April 2015**	6 July 2014
The latest date	**30 September 2015**	29 August 2014

The Group	**2015 RMB'000**	2014 RMB'000
Staff loans		
Amount repayable within one year	**1,226**	701
Amount repayable after one year	**535**	1,388
	1,761	2,089

The staff loans comprise mainly housing loans and are denominated in RMB.

The advances made to staff are for business purposes. The carrying value approximates the fair value of the advances.

The advances made to suppliers of raw materials relate to the down-payment for the supplies made. The carrying value approximates the fair value of the advances.

The advances made to a director of a subsidiary are for business purpose. The carrying value approximates the fair value of the advances.

In the financial year 2014, the non-trade amounts owing by related companies of a corporate shareholder of a subsidiary related to payments made on behalf, were unsecured, interest-free and receivable on demand. These amounts had been fully repaid during the financial year.

Included in trade receivables, is a sum of RMB25,317,000 (2014 - RMB55,470,000) which had been pledged/assigned to a bank (see Note 19.1).

11 Deferred costs

The Group

At the end of the reporting period, the deferred costs relate to the amount carried in the consolidated statement of financial position to the extent that the revenue has been deferred (see Note 20).

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

12 Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deferred tax assets				
Per Note 12.1	**–**	–	**22,110**	16,871
Set off of tax	**–**	–	**(5,214)**	–
	–	–	**16,896**	16,871
To be recovered within one year	**–**	–	**–**	–
To be recovered after one year	**–**	–	**16,896**	16,871
	–	–	**16,896**	16,871
Deferred tax liabilities				
Per Note 12.2	**10,016**	7,969	**23,492**	11,320
Set off of tax	**–**	–	**(5,214)**	–
	10,016	7,969	**18,278**	11,320
To be settled within one year	**–**	–	**–**	–
To be settled after one year	**10,016**	7,969	**18,278**	11,320
	10,016	7,969	**18,278**	11,320

12.1 Deferred tax assets

The movement in deferred tax assets (prior to offsetting of balances within the same tax jurisdiction) is as follows:

		The Company		The Group	
		2015	2014	**2015**	2014
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Balance as at beginning of year		**–**	–	**16,871**	16,307
Transfer from profit or loss					
- current	25	**–**	–	**3,925**	564
- underprovision in respect of prior years	25	**–**	–	**1,338**	–
				5,263	564
Exchange translation difference		**–**	–	**(24)**	–
Balance as at end of year		**–**	–	**22,110**	16,871
Deferred tax assets comprise tax on:					
Deferred income		**–**	–	**666**	1,996
Deferred capital grants		**–**	–	**1,416**	240
Provisions		**–**	–	**4,187**	2,365
Unrealised intra-group profits		**–**	–	**7,599**	9,515
Unabsorbed tax losses		**–**	–	**5,299**	–
Others		**–**	–	**2,943**	2,755
		–	–	**22,110**	16,871

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

12 Deferred taxes (Cont'd)

12.1 Deferred tax assets (Cont'd)

The Group has unabsorbed tax losses amounting to approximately RMB39,507,000 (2014 - RMB4,193,000), which are subject to agreement with the relevant tax authorities. These unabsorbed tax losses can be carried forward for offsetting against future taxable income provided that the provisions of the relevant tax legislations are complied with. These unabsorbed losses cannot be allowed to offset the taxable profits of other subsidiaries.

Deferred tax assets are recognised for tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefit through future taxable profit is probable.

Deferred tax assets have not been recognised in respect of the following items:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Tax losses				
- expire in 2018	**–**	–	**197**	298
- expire in 2020	**–**	–	**631**	–
- do not expire	**–**	–	**321**	364
Other deductible temporary differences	**–**	–	**456**	1,522
	–	–	**1,605**	2,184

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilised the benefits therefrom.

12.2 Deferred tax liabilities

The movement in deferred tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

		The Company		The Group	
		2015	2014	**2015**	2014
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Balance as at beginning of year		**7,969**	8,977	**11,320**	9,759
Transfer to profit or loss					
- current	25	**3,330**	1,755	**13,491**	4,090
- under/(over)provision in respect of prior years	25	**–**	192	**(15)**	388
		3,330	1,947	**13,476**	4,478
Tax paid on foreign income remitted to Singapore		**(1,283)**	(2,955)	**(1,283)**	(2,955)
Exchange translation difference		**–**	–	**(21)**	38
Balance as at end of year		**10,016**	7,969	**23,492**	11,320
Deferred tax liabilities comprise tax on:					
Fair value gains on acquisition of subsidiary		**–**	–	**417**	499
Accelerated tax depreciation		**–**	–	**12,739**	2,852
Unremitted foreign interest income		**352**	300	**672**	300
Undistributed earnings of PRC subsidiaries		**9,664**	7,669	**9,664**	7,669
		10,016	7,969	**23,492**	11,320

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

12 Deferred taxes (Cont'd)

12.2 Deferred tax liabilities (Cont'd)

Foreign income not remitted to Singapore – undistributed earnings of the PRC subsidiaries

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 the forecasted dividend pay-out of its PRC subsidiaries.

Unrecognised deferred tax liabilities

As at 31 March 2015, the aggregate amount of temporary differences relating to undistributed profits of the subsidiaries for which deferred tax liabilities of RMBNil (2014 - RMB976,000) have not been recognised is RMBNil (2014 - RMB19,516,000). No liability has been recognised in respect of these differences because the directors believes that certain PRC subsidiaries would not pay out all their earnings as dividends and the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

13 Inventories

The Group	**2015 RMB'000**	2014 RMB'000
At cost:		
Raw materials	**81,212**	94,966
Work-in-progress	**113,481**	136,215
Finished goods	**58,795**	67,399
	253,488	298,580
At net realisable value:		
Finished goods	**9,966**	16,747
	263,454	315,327
Included in cost of sales are inventories charged of:	**537,563**	661,509

As at 31 March 2015, the allowance for inventory obsolescence totalled RMB49,068,000 (2014 - RMB37,816,000) mainly due to decline in value arising from technological changes for certain raw materials and equipment. The inventory written down, recognised as an expense in cost of sales during the financial year is RMB11,252,000 (2014 - RMB22,443,000).

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

14 Related party balances

14.1 Amounts owing by related parties

The Group	**2015 RMB'000**	2014 RMB'000
Amounts owing by related parties		
- trade	**81,285**	165,298
- non-trade	**–**	168
	81,285	165,466

The amounts owing by related parties are denominated in RMB.

The trade amounts owing by related parties are usually due within 30 - 180 days and do not bear any effective interest rate.

In the financial year 2014, the non-trade amounts owing by related parties related to advances made, were unsecured, interest-free and receivable on demand. These amounts had been fully repaid during the financial year.

14.2 Amounts owing to/advance payments from related parties

	The Company		The Group	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Amounts owing to related parties				
- trade	**–**	–	**2,795**	1,034
- non-trade	**80**	80	**9,556**	32,947
Advance payments from related parties	**–**	–	**7,124**	11,116
	80	80	**19,475**	45,097

Amounts owing to/advance payments from related parties are denominated in the following currencies:

	The Company		The Group	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Renminbi	**80**	80	**9,999**	12,230
Singapore dollar	**–**	–	**9,476**	32,867
	80	80	**19,475**	45,097

The non-trade amounts owing to related parties relate to payments made on behalf, are unsecured, interest-free and repayable on demand. The carrying value approximates the fair value of the non-trade amounts.

The advance payments from related parties represent down-payment for sales orders made or advance payments received for sales not yet delivered.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

15 Amount owing by/(to) a corporate shareholder of a subsidiary

The Group	**2015 RMB'000**	2014 RMB'000
Amount owing by a corporate shareholder of a subsidiary		
- trade	**139**	–
- non-trade	**56**	1,275
	195	1,275
Amount owing to a corporate shareholder of a subsidiary		
- dividends payable	**–**	409
- loan	**18,355**	18,355
- interest payable	**414**	498
- rental payable	**6,141**	6,750
	24,910	26,012

The non-trade amount owing by a corporate shareholder of subsidiary relates to payments made on behalf, is unsecured, interest-free and receivable on demand. The carrying value approximates the fair value of the non-trade amount.

The amount owing by/(to) a corporate shareholder of a subsidiary is denominated in RMB.

The loan of RMB18,355,000 (2014 - RMB18,355,000) is unsecured and is repayable on 31 March 2016 (2014 - 31 March 2015). The said loan has been renewed on 31 March 2015 for a further period of 1 year. Interest is charged at 6.81% (2014 - 6.91%) per annum.

Rental payable relates to the lease on the subsidiary's, Beijing Yongmao's, workshop, warehouse, factory buildings and relevant supporting facilities located at No. 12, Shuanghe Avenue, Linhe Industrial Development Zone, Shunyi District, Beijing, the PRC, 101300. The total floor and land area is approximately 40,915 square metre ("sq m") and approximately 148,700 sq m respectively. The lease commenced on 1 October 2006 and expires on 30 September 2016. The rental payable on the lease is RMB4,500,000 per annum [see Note 29.1(a)].

16 Cash and cash equivalents

	The Company		The Group	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Cash on hand	*****	*	**107**	308
Bank balances	**11,611**	9,543	**99,815**	180,815
Fixed deposits	**–**	–	**50,000**	50,000
	11,611	9,543	**149,922**	231,123

* represents amount less than RMB1,000

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

16 Cash and cash equivalents (Cont'd)

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**–**	–	**107,776**	143,005
Singapore dollar	**1,118**	9,470	**10,195**	11,359
United States dollar	**10,493**	73	**16,008**	63,599
Euro	**–**	–	**43**	1,865
Hong Kong dollar	**–**	–	**12,483**	9,771
Macanese Pataca	**–**	–	**3,417**	1,524
	11,611	9,543	**149,922**	231,123

For the purpose of the consolidated statement of cash flows, the year-end cash and cash equivalents comprise the following:

The Group	**2015**	2014
	RMB'000	RMB'000
Cash on hand	**107**	308
Bank balances	**99,815**	180,815
Fixed deposits	**50,000**	50,000
	149,922	231,123
Less: restricted bank balances	**(91,539)**	(92,870)
	58,383	138,253

Restricted bank balances are pledged in relation to the following:

The Group	**2015**	2014
	RMB'000	RMB'000
Bank loans (Note 19.1)	**1,692**	–
Bills payables	**32,382**	30,276
Seller Undertaking	**7,465**	12,594
Letter of guarantee (Note 19.1)	**50,000**	50,000
	91,539	92,870

17 Share capital

The Company and The Group	**No. of shares**	**RMB'000**
Issued and fully paid with no par value:		
Balance as at beginning and end of 31 March 2014 and 31 March 2015	**443,750,000**	**312,484**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

18 Reserves

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-distributable				
Merger reserve	**–**	–	**(26,769)**	(26,769)
Fair value reserve	**792**	–	**792**	–
Statutory common reserve	**–**	–	**58,332**	55,428
Exchange fluctuation reserve	**–**	–	**40**	2,194
	792	–	**32,395**	30,853
Distributable				
Retained profits	**111,957**	97,406	**236,140**	187,211
	112,749	97,406	**268,535**	218,064

The merger reserve arises from the difference between the purchase consideration and the carrying value of the share capital of the subsidiary acquired under the pooling-of-interests method of consolidation.

Fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposal of or impaired.

According to the current PRC Company Law, the subsidiaries incorporated in the PRC are required to transfer between 5% and 10% of its profit after taxation to statutory common reserve until the common reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Statutory common reserve can be used to make good previous year's losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

Exchange fluctuation reserve arises from the translation of the financial statements of the entities whose functional currencies are different from the functional currency of the Company.

19 Borrowings

The Group	Note	**2015**	2014
		RMB'000	RMB'000
Non-current			
Bank loans	19.1	**5,077**	98,003
Obligations under finance leases	19.2	**857**	32,394
		5,934	130,397
Current			
Bank loans	19.1	**265,314**	325,869
Obligations under finance leases	19.2	**67,606**	14,273
		332,920	340,142
		338,854	470,539

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

19 Borrowings (Cont'd)

Non-current portion of the borrowings approximate its carrying amount.

Borrowings are denominated in the following currencies:

The Group	**2015 RMB'000**	2014 RMB'000
Renminbi	**160,700**	325,869
Singapore dollar	**12,309**	451
United States dollar	**97,846**	98,003
Hong Kong dollar	**67,999**	46,216
	338,854	470,539

19.1 Bank loans

The Group	**2015 RMB'000**	2014 RMB'000
Bank loans		
- unsecured	**239,691**	218,003
- secured	**–**	110,000
	239,691	328,003
Trust receipts[1]		
- unsecured	**8,700**	17,500
- secured	**22,000**	78,369
	30,700	95,869
	270,391	423,872

[1] Trust receipts are presented as current liabilities.

In the financial year 2014, RMB110,000,000 bank loans and RMB30,369,000 trust receipts were secured by land use rights of 182,373 sq m located at No. 2, Qianlingerlu Road, Shuncheng District, Fushun City, Liaoning Province, the PRC, 113126. These bank loans and trust receipts were fully repaid during the financial year.

RMB22,000,000 (2014 - RMB48,000,000) trust receipts are secured by way of assignment of certain trade receivables of RMB25,317,000 (2014 - RMB55,470,000) (see Note 10).

A bank loan of RMB97,846,000 (2014 - RMB98,003,000) was secured by irrevocable letter of guarantees of RMB50,000,000 (2014 - RMB100,000,000) provided by another bank, of which was secured by fixed deposits of RMB50,000,000 (2014 - RMB50,000,000) (see Note 16).

Another bank loan of RMB11,845,000 (2014 - RMBNil) was pledged by bank balances of RMB1,692,000 (2014 - RMBNil) (see Note 16).

Certain bank loans are guaranteed by the Company (see Note 30), a fellow subsidiary and certain directors of the Company.

The bank loans have an effective interest rate of 6.05% (2014 - 6.32%) per annum.

As at the end of the reporting period, the Group has unutilised credit facilities of RMB260,251,000 (2014 - RMB257,996,000). These facilities which expire within one year from the reporting date are subject to annual review.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

19 Borrowings (Cont'd)

19.1 Bank loans (Cont'd)

The table below analyses the maturity profile of the Group's bank loans based on contractual undiscounted cash flows:

	2015		2014	
	Carrying amount	**Contractual cash flows**	Carrying amount	Contractual cash flows
The Group	**RMB'000**	**RMB'000**	RMB'000	RMB'000
Variable interest rate loans				
Less than one year	**265,314**	**272,511**	325,869	332,216
Between one to five years	**5,077**	**5,153**	98,003	102,617

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

19.2 Obligations under finance leases

	2015	2014
The Group	**RMB'000**	RMB'000
Minimum lease payments payable:		
Due not later than one year	**70,179**	15,790
Due later than one year and not later than five years	**896**	33,864
Due later than five years	**–**	–
	71,075	49,654
Less: Finance charges allocated to future periods	**(2,612)**	(2,987)
Present value of minimum lease payments	**68,463**	46,667
Present value of minimum lease payments:		
Due not later than one year	**67,606**	14,273
Due later than one year and not later than five years	**857**	32,394
Due later than five years	**–**	–
	68,463	46,667

The Group leases plant and machinery under finance leases. Lease facilities to the sum of HKD140,000,000 (2014 - HKD75,000,000) granted to a subsidiary is secured by the underlying assets and corporate guarantee provided by the Company (see Note 30).

The Group leases motor vehicles and electronic system and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term. The finance lease obligations are secured by the underlying assets.

The obligations under finance leases have an interest rate of 3.87% (2014 - 3.87%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

20 Deferred income

The Group	**2015 RMB'000**	2014 RMB'000
Sales with seller undertaking provided to the banks or financial institutions	**17,160**	46,186
Transferred from associated companies	**–**	7,665
	17,160	53,851
Amount receivable within one year	**12,066**	39,051
Amount receivable after one year	**5,094**	14,800
	17,160	53,851

Sales with seller undertaking provided to banks or financial institutions

Certain of the Group's sales of towercranes to the customers in the PRC are financed by borrowings from banks or financial institutions using revolving master credit facility granted by the banks or financial institutions coupled with an undertaking ("Seller Undertaking") provided by the Group to the relevant banks or financial institutions that in the event of default of the customers in making the installment payments, the Group has to make good the loans outstanding and upon the Group making good the loans, the ownership of the towercranes will be transferred back to the Group.

Under such sales arrangement, the customer makes an upfront payment of up to 30% (non-refundable) in general of the sales price to the Group and obtains a loan from the bank or financial institution for the balance payment. Upon approval of the bank or financial institution, the bank or financial institution disburses the loan amount in full to the Group. The Group ceased effective control of the towercrane sold upon delivery. In return, the bank or financial institution requires the towercrane to be mortgaged to them.

The sales arrangement as described above is a series of transactions involving a sale, the Seller Undertaking and the loan agreement between the customer and the bank or financial institution. They are all part of one transaction and cannot be bifurcated or separated. The sales transaction cannot be separated from the Seller Undertaking. Literally, the assessment of the loan is first based on the Group's credit standing and the facility granted to the Group before assessing the merits of the customer.

Nonetheless, there is a possibility that the customer may default in making the installment payments to the bank or financial institution. In the event that the customer defaults in making subsequent installment payments, the Group is required to pay the bank or financial institution the balance outstanding and repossesses the towercrane pursuant to the Seller Undertaking.

To the extent of the money received, they are non-refundable and are therefore recorded and recognised as income to the Group. During the financial year, the reported income is RMB29,139,000 (2014 - RMB65,486,000) as disclosed in sales of towercranes and towercrane components and accessories. Conversely, the Group has no right to demand payment from the customer should they defaulted the debt with the Group's banks or financial institutions (see Liquidity risk in Note 33.4).

On the basis as described above, the liability owing by the Group to the banks or financial institutions in the event that customers may default that is recorded as deferred income is RMB17,160,000 (2014 - RMB46,186,000).

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

20 Deferred income (Cont'd)

Sales with seller undertaking provided to banks or financial institutions (Cont'd)

In the opinion of the directors of the Group, the deferred income is accounted and recorded on the basis that it reflects more accurately the economic substance of such sales and not merely the legal form, to the extent that the substance of the arrangement should reflect all aspects and implications of an arrangement with weight given to those aspects and implications that have an economic effect. This manner of accounting is not inconsistent with the adoption of other accounting literature and accepted industry practices such as revenue recognition principles under US GAAP in the absence of an FRS that specifically applies to a transaction which is allowed for under FRS 8 Accounting policies, changes in accounting estimates and errors. As the Group undertakes the customer's indebtedness to the financing party and is obligated to indemnify the financing party, its participation in customer financing may preclude revenue recognition before the customer's payments are due to the financing party, and consequently, does not overcome the presumption that the fee is fixed and determinable as one of the criteria for revenue recognition under US GAAP. Accordingly, revenue should not be recognised before the amounts become due and payable to the financing party.

This accounting policy has been applied consistently to all periods presented in these financial statements.

On sensitivity analysis, should the sales arrangement for the current year transactions as reported in full, the effect on the revenue and profit before taxation would be as follows:

The Group	**2015 RMB'000**	**2015 %**	2014 RMB'000	2014 %
Increase in:				
Revenue	**–**	**–**	6,043	0.7
Profit before taxation	**–**	**–**	1,790	2.4

As regard to the effect on the Seller Undertaking, please refer to Note 30 to the financial statements.

21 Deferred capital grants

The Group	**2015 RMB'000**	2014 RMB'000
Cost		
Balance as at beginning of year	**1,610**	–
Received during the year	**8,068**	1,610
Balance as at end of year	**9,678**	1,610
Accumulated amortisation		
Balance as at beginning of year	**8**	–
Amortisation for the year (Note 23(a))	**234**	8
Balance as at end of year	**242**	8
Net carrying amount	**9,436**	1,602
Amount to be amortised:		
Not later than one year	**194**	32
Later than one year and not later than five years	**774**	129
Later than five years	**8,468**	1,441
	9,436	1,602

Deferred capital grants relate to government grants received for the acquisition of land use rights undertaken by the Group's subsidiary in the PRC (see Note 5). There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

22 Trade and other payables

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**–**	16	**152,075**	167,645
Bills payables	**–**	–	**76,220**	80,160
Accrual for purchases	**–**	–	**29,948**	48,323
Advances from customers	**–**	–	**20,649**	37,118
Amount owing to suppliers of property, plant and equipment	**–**	–	**1,235**	7,510
Provision for warranty for after-sale services	**–**	–	**675**	736
Provision for directors' fees	**993**	1,092	**993**	1,092
Deposits received	**–**	–	**3,981**	4,981
Rental payables				
- a director of the Company	**–**	–	**1,437**	1,253
Liability assumed for payments made on behalf for subsistence allowances	**–**	–	**28,331**	30,845
Amounts owing to a director of subsidiaries	**–**	–	**–**	3,035
Accrued interest expenses	**–**	–	**1,064**	2,118
Other accrued expenses	**3,409**	2,732	**54,460**	53,492
Other payables	**–**	–	**5,379**	5,901
	4,402	3,840	**376,447**	444,209
Less: Trade and other payables - non-current	**–**	–	**(23,972)**	(26,732)
	4,402	3,840	**352,475**	417,477

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**2,080**	1,300	**340,069**	400,342
Singapore dollar	**2,322**	2,540	**8,644**	9,575
United States dollar	**–**	–	**6,046**	7,355
Euro	**–**	–	**1,158**	1,313
Hong Kong dollar	**–**	–	**14,128**	11,327
Macanese Pataca	**–**	–	**6,402**	14,297
	4,402	3,840	**376,447**	444,209

The fair value of trade and other payables approximate their carrying amounts due to their short duration.

The advances from customers represent down-payment for sale orders made or advance payment received for sales not yet delivered.

Provision for warranty for after-sale services relate to the estimated costs of after-sale services and warranty costs for sale of towercranes and towercrane components and accessories to the Group's customers. The warranty sum is recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs and returns. During the financial year, a sum of RMB675,000 (2014 - RMB736,000) has been utilised.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

22 Trade and other payables (Cont'd)

Other accrued expenses include mainly accruals of salaries and related costs and freight and transportation charges.

Liability assumed for payments made on behalf for subsistence allowances relates to ex-employees of 北京市建筑工程机械厂, a wholly-owned subsidiary of Beijing Construction which is not related to the Group. This liability is regarded as payment on behalf.

Pursuant to a restructuring exercise signed between Fushun Yongmao Industry Group Co., Ltd. ("FYIG") and Beijing Construction in 2006, this was transferred to Beijing Yongmao, whereby Beijing Yongmao is to administer the liability by virtue of the liability from FYIG, the payment of subsistence allowances/staff welfare benefits is to be made out of the assets acquired from Beijing Construction. Beijing Yongmao is incorporated in the PRC in 2006 pursuant to the restructuring exercise and whose shareholders were then FYIG (66%) and Beijing Construction (34%).

In 2008, the Group through its wholly-owned subsidiary, Fushun Yongmao acquired 66% of the equity interests in Beijing Yongmao from FYIG (the "Acquisition"). This liability is assumed when Fushun Yongmao took over from FYIG pursuant to the sale and purchase agreement dated 18 August 2008 ("S&P Agreement") entered into between FYIG and Fushun Yongmao. As the liability assumed for the subsistence allowances had crystallised at the time the Group took over Beijing Yongmao, the liability to Beijing Yongmao is deemed fixed at the point of acquisition. The liability provided was based on agreed figures ("the fair value at inception") in the S&P Agreement with FYIG at the time the Group took over Beijing Yongmao from FYIG. By virtue of the warranty from FYIG to the Group pursuant to the Acquisition, the Group is only responsible for this payment to be made on behalf for subsistence allowances as stated therein. The fair values at inception are determined based on discounted rate of 0% (2014 - 0%) per annum. In the opinion of the directors of the Group, there is no actuarial risk to the Group.

This accrual is not a defined contribution nor a defined benefits plan under FRS 19.

The carrying amount of this liability assumed for payments made on behalf for subsistence allowances approximates the fair value when the liability was assumed.

The Group	**2015** **RMB'000**	2014 RMB'000
Amount repayable within one year	**4,359**	4,113
Amount repayable after one year and not after five years	**17,434**	16,452
Amount repayable after five years	**6,538**	10,280
	28,331	30,845

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

23(a) Other income

The Group	**2015 RMB'000**	2014 RMB'000
Amortisation of deferred capital grants (Note 21)	**234**	8
Gain from a bargain purchase of subsidiaries (Note 7)	–	606
Gain on disposal of property, plant and equipment	**1,230**	298
Gain on restructuring (Note 8)	**12,058**	–
Government grants	**–**	402
Interest income	**391**	1,175
Rental income of premises	**309**	500
Sale of scrap materials	**595**	1,062
Others	**209**	181
	15,026	4,232
Effective interest rate (per annum)		
- bank deposits	**0.21%**	0.74%

23(b) Distribution costs

The Group	**2015 RMB'000**	2014 RMB'000
Depreciation expense (Note 5)	**2,122**	1,215
Employee benefit expenses (Note 23(f))	**12,622**	10,514
Freight charges	**32,372**	33,309
Office expenses	**734**	388
Operating lease rentals	**2,453**	2,257
Promotion and advertising expenses	**2,173**	2,220
Sales service expenses	**2,196**	1,557
Transportation expenses	**3,131**	3,516
Others	**823**	528
	58,626	55,504

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

23(c) Administrative expenses

The Group	2015 RMB'000	2014 RMB'000
Amortisation expense (Note 6)	**100**	183
Depreciation expense (Note 5)	**6,498**	4,253
Directors' fee (Note 24)	**1,055**	1,151
Employee benefit expenses (Note 23(f))	**40,643**	53,339
Entertainment expenses	**2,799**	1,699
Office expenses	**6,237**	6,229
Operating lease rentals	**1,834**	2,149
Other governmental taxes	**4,005**	3,746
Professional fees	**3,168**	4,065
Transportation and travelling expenses	**7,519**	5,668
Others	**4,746**	6,327
	78,604	88,809

23(d) Other operating expenses

The Group	2015 RMB'000	2014 RMB'000
Bank charges	**3,605**	1,006
Donation	**200**	30
Exchange (gain)/loss (Note 24)	**(2,547)**	832
Loss on disposal of property, plant and equipment	**23**	4
Property, plant and equipment written off (Note 24)	**6**	1,872
Allowance for impairment of trade receivables (Note 10)	**6,854**	8,310
Refund of penalty income received for breach of contract	**684**	–
Others	**51**	310
	8,876	12,364

23(e) Finance costs

The Group	2015 RMB'000	2014 RMB'000
Interest expense		
- loan from a corporate shareholder of a subsidiary	**1,236**	1,268
- bank loans	**17,890**	20,051
- finance leases	**2,229**	1,264
	21,355	22,583
Effective interest rate (per annum)		
- loan from a corporate shareholder of a subsidiary	**6.81%**	6.91%
- bank loans	**6.05%**	6.32%
- finance leases	**3.87%**	3.87%

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

23(f) Employee benefit expenses

The Group	2015 RMB'000	2014 RMB'000
Directors' remuneration		
- Directors of the Company		
- salaries and related costs	**5,874**	4,526
- defined contributions	**124**	120
- Directors of the subsidiaries		
- salaries and related costs	**2,338**	1,880
- defined contributions	**95**	80
Key management personnel (other than directors)		
- salaries and related costs	**3,037**	3,104
- defined contributions	**182**	206
Other than directors and key management personnel		
- salaries and related costs	**82,358**	81,142
- defined contributions	**13,597**	14,982
	107,605	106,040
Included in:		
Cost of sales	**54,340**	42,187
Distribution costs (Note 23(b))	**12,622**	10,514
Administrative expenses (Note 23(c))	**40,643**	53,339
	107,605	106,040

24 Profit before taxation

The Group	Note	2015 RMB'000	2014 RMB'000
Profit before taxation has been arrived at after charging/(crediting):			
Allowance for impairment of trade receivables	10	**6,854**	8,310
Audit fee paid/payable to			
- auditors of the Company		**895**	956
- other auditors		**141**	67
Amortisation of deferred capital grants	21	**(234)**	(8)
Amortisation of intangible assets	6	**100**	183
Depreciation of property, plant and equipment	5	**45,631**	36,119
Directors' fee	23(c)	**1,055**	1,151
Exchange (gain)/loss	23(d)	**(2,547)**	832
Gain from a bargain purchase of subsidiaries	7	**–**	(606)
Gain on disposal of property, plant and equipment, net		**(1,207)**	(294)
Non-audit fee paid/payable to auditors of the Company		**14**	19
Operating lease rentals		**7,888**	8,006
Property, plant and equipment written off	23(d)	**6**	1,872
Provision for inventory obsolescence		**11,252**	22,443

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

25 Taxation

The Group	Note	2015 RMB'000	2014 RMB'000
Current taxation		**6,720**	12,954
Deferred tax assets	12.1	**(3,925)**	(564)
Deferred tax liabilities	12.2	**13,491**	4,090
		16,286	16,480
Under/(over)provision in respect of prior years			
- current taxation		**188**	(560)
- deferred tax liabilities	12.2	**(15)**	388
Underprovision in respect of prior years			
- deferred tax assets	12.1	**(1,338)**	–
		(1,165)	(172)
		15,121	16,308

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable domestic tax rates on the Group's results as a result of the following:

The Group	2015 RMB'000	2014 RMB'000
Profit before taxation	**92,971**	73,310
Income tax using applicable tax rate	**17,277**	17,593
Corporate tax rebate/exemption	**(3,880)**	(6,758)
Tax effect on non-taxable income	**(4,633)**	(1,214)
Tax effect on non-deductible expenses[1]	**4,288**	4,598
Deferred tax assets not recognised	**167**	614
Benefits from previously unrecognised deferred tax assets	**(211)**	–
Tax on undistributed earnings of PRC subsidiaries	**3,278**	1,647
Under/(over)provision in respect of prior years		
- current taxation	**188**	(560)
- deferred tax liabilities	**(15)**	388
Underprovision in respect of prior years		
- deferred tax assets	**(1,338)**	–
	15,121	16,308

[1] This related to disallowed expenditure incurred in the ordinary course of business.

On 13 June 2012, the local tax authority of Liaoning Province had granted Fushun Yongmao and regarded the subsidiary as a "high technological company (高新技术企业)". Pursuant to relevant PRC's taxation law, the subsidiary is subject to taxation at a preferential rate of 15%. Such incentive is valid till December 2014 and is subject to renewal. The application for renewal has been submitted and is pending approval (see Note 2(a) Significant judgements in applying accounting polices - "Deferred tax assets").

On 11 November 2013, the local tax authority of Beijing City had granted Beijing Yongmao and regarded the subsidiary as a "high technological company (高新技术企业)". Pursuant to relevant PRC's taxation law, the subsidiary is subject to taxation at a preferential rate of 15%. Such incentive is valid till December 2015, and is subject to renewal.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

25 Taxation (Cont'd)

The domestic tax rates applicable to the profit of the following companies are as follows:

	Country	Rate	Basis
- Yongmao Holdings Limited	Singapore	17.0%	Full tax
- Yongmao Machinery Pte. Ltd.	Singapore	17.0%	Full tax
- Yongmao Machinery (H.K.) Company Limited	Hong Kong	16.5%	Full tax
- Eastime Engineering Limited	Hong Kong	16.5%	Full tax
- Eastime Engineering (Macau) Co., Ltd.	Macau	12.0%	Full tax
- Changzhou Yongmao Heavy Industry Machinery Co., Ltd. (常州永茂重工机械有限公司)	The PRC	25.0%	Full tax

The subsidiary, Changzhou Yongmao Heavy Industry Machinery Co., Ltd. (常州永茂重工机械有限公司), does not have any taxable profit during the financial year.

26 Other comprehensive income after tax

The Group			**2015**	
			RMB'000	
	Note	Before tax	Tax expense	Net of tax
Fair value gains on available-for-sale financial assets	9	**792**	**–**	**792**
Exchange translation difference				
- foreign operations		**(397)**	**–**	**(397)**
- reclassification to profit or loss on disposal of associated companies	8	**(1,747)**	**–**	**(1,747)**
		(1,352)	**–**	**(1,352)**

The Group			2014	
			RMB'000	
	Note	Before tax	Tax expense	Net of tax
Exchange translation difference				
- foreign operations		704	–	704
- an associated company	8	1	–	1
		705	–	705

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

27 Retirement benefit plans

The eligible employees of subsidiaries, who are citizens of the PRC, are members of a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the subsidiaries with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss for the financial year, representing defined contribution national pension plan, are as follows:

The Group	**2015 RMB'000**	2014 RMB'000
Defined contribution national pension benefits	**7,866**	8,299

28 Earnings per share

The Group

The basic and diluted earnings per share of the Group is calculated based on the Group's profit after taxation attributable to equity holders of the Company of RMB62,850,000 (2014 - RMB51,292,000) on the existing number of ordinary shares in issue of 443,750,000 (2014 - 443,750,000) at the end of the reporting period.

As there are no dilutive potential ordinary shares that are outstanding during the financial year, the basic earnings per share is the same as the diluted earnings per share.

29 Commitments

29.1 Operating lease commitments (non-cancellable)

The Group

(A) Where the Group is the lessee

At the end of the reporting period, the Group is committed to making the following lease rental payments under non-cancellable operating leases for leasehold land, office, workshop, warehouse and factory premises, office equipment and accommodation for employees:

The Group	**2015 RMB'000**	2014 RMB'000
Not later than one year	**6,987**	7,911
Later than one year and not later than five years	**2,308**	8,653

(a) The lease on the Group's workshop, warehouse, factory buildings and relevant supporting facilities on which rental is payable is located at No. 12, Shuanghe Avenue, Linhe Industrial Development Zone, Shunyi District, Beijing, the PRC, 101300. The total floor and land area is approximately 40,915 sq m and approximately 148,700 sq m respectively. The lease commenced on 1 October 2006 and expires on 30 September 2016. The rental payable is RMB4,500,000 per annum.

(b) The leases on the Group's office premises on which rental is payable is located at 2307, 2308 & 2309, Block A, Fangheng Building, Wangjing East Road, Beijing, the PRC (北京市望京东路方恒国际大厦A座2307,2308和2309号). The office area is 450.27 sq m. The leases expire on 31 December 2015, the earliest date and 31 March 2016, the latest date. The rental payable is RMB810,000 per annum.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

29 Commitments (Cont'd)

29.1 Operating lease commitments (non-cancellable) (Cont'd)

(A) Where the Group is the lessee (Cont'd)

(c) The leases on the Group's other office premises in the PRC on which rentals are payable will expire on 30 August 2015, the earliest date and 20 March 2016, the latest date. The rental payable ranges from RMB14,400 to RMB43,200 per annum, which is subject to revisions on renewal.

(d) The leases on the Group's office and warehouse premises and office equipment in Singapore on which rentals are payable will expire on 31 March 2016, the earliest date and 4 April 2017, the latest date. The rental payable ranges from SGD190 to SGD6,945 per month, which is subject to revisions on renewal.

(e) The leases on the Group's office and warehouse premises and accommodation for certain employees in Hong Kong and Macau on which rentals are payable will expire on 5 May 2015, the earliest date and 31 August 2016, the latest date. The rental payable ranges from HKD12,000 to HKD54,000 per month, which is subject to revisions on renewal.

(B) Where the Group is the lessor

At the end of the reporting period, the Group had the following rental income under non-cancellable lease for office premises with original term of more than one year:

The Group	**2015 RMB'000**	2014 RMB'000
Not later than one year	**343**	300
Later than one year and not later than five years	**168**	25

The leases on the Group's office premises on which rental are received will expire on 30 June 2016, the earliest date and 31 October 2016, the latest date with renewal at the then prevailing rates.

29.2 Technical fees

The Group	**2015 RMB'000**	2014 RMB'000
Not later than one year	**–**	367

In the financial year 2014, technical fees related to technical services provided by 上海建五实业有限公司 which commenced on 25 February 2010 and expired on 24 February 2015. The technical fees payable was RMB400,000 per annum.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

30 Contingent liabilities

The Company

Corporate guarantees

The Company has provided the following corporate guarantees at the reporting date:

(a) A guarantee provided to a bank for credit facility of RMB40,000,000 (2014 - RMB40,000,000) granted to a subsidiary. The bank loan outstanding as at 31 March 2015 is RMB30,000,000 (RMB30,000,000);

(b) A guarantee provided to a bank for credit facility of USD15,930,000 (RMB97,846,000) (2014 - USDNil) granted to a subsidiary. The bank loan outstanding as at 31 March 2015 is USD15,930,000 (RMB97,846,000) (2014 - USDNil);

(c) Guarantees provided to banks for lease facilities of HKD140,000,000 (RMB112,070,000) [(2014 - HKD75,000,000 (RMB60,060,000)] granted to another subsidiary. The finance lease loans outstanding as at 31 March 2015 are HKD83,460,000 (RMB66,810,000) [2014 - HKD57,712,000 (RMB46,216,000)] (see Note 19.2); and

(d) A guarantee provided to a bank for credit facilities of SGD3,000,000 (RMB13,538,000) (2014 - SGDNil) granted to another subsidiary. The bank loan outstanding as at 31 March 2015 is SGD2,625,000 (RMB11,845,000) (2014 - SGDNil); and

(e) A guarantee provided to a bank for the credit facility of RMBNil (2014 - RMB95,000,000) granted to an associated company jointly with other investors, up to the Group's share of RMBNil (2014 - RMB36,300,000). The bank loan outstanding as at 31 March 2015 is RMBNil (2014 - RMB80,750,000).

There is no fair value interest rate exposure to the extent of the guarantee provided to the borrowings from banks as the borrowings are at prevailing market interest rate.

The Group

Seller Undertaking provided to banks or financial institutions

(a) A subsidiary, Fushun Yongmao has agreed to provide guarantee under the Seller Undertaking to a maximum sum of RMB41,458,000 (2014 - RMB119,459,000) to a bank for certain customers who have obtained bank loans to finance their purchase of towercranes and towercrane accessories and components of the Group. To the extent of the bank loans that remained outstanding as at 31 March 2015, the balances are RMB13,497,000 (2014 - RMB40,426,000);

(b) A subsidiary, Fushun Yongmao has agreed to provide guarantee under the Seller Undertaking to a maximum sum of RMB4,567,000 (2014 - RMB24,700,000) to hire purchase companies for certain customers who have purchased towercranes through hire purchase financing. To the extent of the purchase amount that remained outstanding as at 31 March 2015, the balance is RMB3,663,000 (2014 - RMB5,817,000); and

(c) A subsidiary, Fushun Yongmao has provided a security deposit guarantee to a maximum of RMB 3,570,000 (2014 - RMB3,570,000) to a hire purchase company for a customer who has purchased towercranes and towercrane accessories and components through hire purchase financing. The purchase amount that remained outstanding as at 31 March 2015 is RMB7,391,000 (2014 - RMB9,660,000).

The manner in which the Seller Undertaking arrangement is agreed whereby the Group received an upfront non-refundable cash deposit which constitute up to 30% of the selling price of the respective towercranes, the reimbursable unpaid sum to the banks or financial institutions to repossess the towercranes is unlikely to cause any loss (if material) should the debtor defaulted. As regard to the Seller Undertaking, please refer to Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

31 Dividends

The Group	2015 RMB'000	2014 RMB'000
Ordinary dividends		
Final one-tier tax exempt dividends paid in respect of the previous financial year of S$0.006 (2014 - S$0.005) per share	**11,017**	5,404

At the forthcoming Annual General Meeting, a final exempt (one-tier) dividend of 0.60 Singapore cents per share and a special exempt (one-tier) dividend of 0.20 Singapore cents per share amounting to a total of RMB16,020,000 (SGD3,550,000) will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 March 2016.

32 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following is the significant related party transactions entered into by the Company and its related parties at mutually agreed amounts:

The Group	2015 RMB'000	2014 RMB'000
Sales/rental income charged to related parties		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	**2,935**	2,947
- China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械工程有限公司)	**108**	2,796
- Jiangsu Zhongjian Tat Hong Equipment Rental Co., Ltd. (江苏中建达丰机械租赁有限公司)	**761**	590
- Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司)	**3,506**	3,606
- Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	**102,300**	170,124
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**–**	95
- Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	**66**	–
- Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd.[1] (北京达丰兆茂机械租赁有限公司)	**16**	199
- Changzhou Tat Hong Zhaomao Equipment Rental Co., Ltd. (常州达丰兆茂机械租赁有限公司)	**46**	–
- Tat Hong Intraco Pte Ltd	**2,328**	–
Sales to a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	**54**	14

[1] Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司) was an associated company of the Group in the financial year 2014. The company ceased to be an associated company of the Group following the completion of the restructuring on 30 April 2014 (see Note 8) and is now classified as a related party of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

32 Significant related party transactions (Cont'd)

The Group	**2015 RMB'000**	2014 RMB'000
Purchases from related parties		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	**963**	638
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**16**	31
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺市永茂工贸发展有限公司)	**531**	650
Rental fee charged by ultimate holding company		
- Sun & Tian Investment Pte. Ltd.	**503**	510
Motor vehicle rental fee charged by a related party		
- Fushun Yongmao Engineering Machinery Co., Ltd. (抚顺永茂工程机械有限公司)	**240**	240
Rental fee charged by a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	**4,500**	4,500
Rental fee charged by a director of the Company		
- Sun Tian (孙田)	**810**	810
Loan interest charged by a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	**1,236**	1,268
Other income charged to related parties		
- Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd.[1] (北京达丰兆茂机械租赁有限公司)	**150**	500
- Changzhou Tat Hong Zhaomao Equipment Rental Co., Ltd. (常州达丰兆茂机械租赁有限公司)	**125**	–
Other expenses charged by related parties		
- Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd.[1] (北京达丰兆茂机械租赁有限公司)	**–**	407
- Tat Hong Training Services Pte Ltd	**–**	1
- Fushun Yongmao Hydraulic Machinery Co., Ltd. (抚顺永茂液压机械有限公司)	**1**	5

[1] Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司) was an associated company of the Group in the financial year 2014. The company ceased to be an associated company of the Group following the completion of the restructuring on 30 April 2014 (see Note 8) and is now classified as a related party of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

32 Significant related party transactions (Cont'd)

The Group	**2015 RMB'000**	2014 RMB'000
Restructuring of investments		
Tat Hong Zhaomao Investment Co., Ltd. (达丰兆茂投资有限公司) and Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd. (北京达丰兆茂机械租赁有限公司) with Tat Hong Equipment (China) Pte Ltd	**78,675**	–
Payments on behalf for related parties		
- Jiangsu Zhongjian Tat Hong Equipment Rental Co., Ltd. (江苏中建达丰机械租赁有限公司)	**–**	7
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	**41**	63
- Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司)	**–**	823
- Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	**4,784**	11,281
Payments on behalf for ultimate holding company		
- Sun & Tian Investment Pte. Ltd.	**–**	13
Payments on behalf for a corporate shareholder of a subsidiary		
- Beijing Construction Group Co., Ltd. (北京建工集团有限责任公司)	**625**	230

33 Financial risk management objectives and policies

The Group has policies which set out the Company's and the Group's overall business strategies and its risk management philosophy and financial risk management policies. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included fair value interest rate risk, currency risk, credit risk, liquidity risk and price risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rate and foreign exchange.

33.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The exposure of the Company to interest rate risk is mainly with non-trade advances to subsidiaries as shown in Note 7 to the financial statements.

The exposure of the Group to interest rate risk is mainly with non-trade advances to/from associated companies and related parties which are interest-free as shown in Note 8 and Note 14 respectively, loan from a corporate shareholder of a subsidiary as shown in Note 15 and borrowings as shown in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

33 Financial risk management objectives and policies (Cont'd)

33.1 Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

For the variable rate financial liabilities owing for borrowings and loan from a corporate shareholder of a subsidiary, a change of 50 basis points ("bp") in interest rate at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2015		2014	
The Group	**Profit net of tax RMB'000**	**Equity RMB'000**	Profit net of tax RMB'000	Equity RMB'000
Interest rate				
- decreased by 0.5% per annum	**1,677**	**1,677**	1,586	1,586
- increased by 0.5% per annum	**(1,677)**	**(1,677)**	(1,586)	(1,586)

This arises mainly as a result of lower/higher interest expenses on borrowings and loan from a corporate shareholder of a subsidiary.

33.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company and the Group operate and sell its products in several countries other than the PRC and transacts in foreign currencies including Singapore dollar ("SGD"), United States dollar ("USD"), Euro, Hong Kong dollar ("HKD") and Macanese Pataca ("MOP"). As a result, the Company and the Group are exposed to movements in foreign currency exchange rates. However, the Company and the Group do not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

33 Financial risk management objectives and policies (Cont'd)

33.2 Currency risk (Cont'd)

The currency exposure of the Company and the Group based on the information provided to key management was as follows:

	2015					2014				
	SGD	**USD**	**Euro**	**HKD**	**MOP**	SGD	USD	Euro	HKD	MOP
The Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets										
Cash and cash equivalents	**10,195**	**16,008**	**43**	**12,483**	**3,417**	11,359	63,599	1,865	9,771	1,524
Trade and other receivables	**6,432**	**15,540**	**–**	**17,656**	**26,452**	15,634	9,972	–	15,524	12,128
	16,627	**31,548**	**43**	**30,139**	**29,869**	26,993	73,571	1,865	25,295	13,652
Financial liabilities										
Borrowings	**(12,309)**	**(97,846)**	**–**	**(67,999)**	**–**	(451)	(98,003)	–	(46,216)	–
Amounts owing to related parties	**(9,476)**	**–**	**–**	**–**	**–**	(32,867)	–	–	–	–
Trade and other payables	**(3,901)**	**(1,511)**	**–**	**(14,128)**	**(6,402)**	(4,615)	(396)	–	(11,167)	(5,496)
	(25,686)	**(99,357)**	**–**	**(82,127)**	**(6,402)**	(37,933)	(98,399)	–	(57,383)	(5,496)
Currency exposure on net financial (liabilities)/assets	**(9,059)**	**(67,809)**	**43**	**(51,988)**	**23,467**	(10,940)	(24,828)	1,865	(32,088)	8,156
Less:										
Net financial(assets)/ liabilities denominated in respective entity's functional currency	**(1,620)**	**–**	**–**	**51,988**	**(23,467)**	(14,996)	–	–	32,088	(8,156)
Currency exposure on financial assets and liabilities	**(10,679)**	**(67,809)**	**43**	**–**	**–**	(25,936)	(24,828)	1,865	–	–

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

33 Financial risk management objectives and policies (Cont'd)

33.2 Currency risk (Cont'd)

	2015			2014		
	SGD	**USD**	**HKD**	SGD	USD	HKD
The Company	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Financial assets						
Cash and cash equivalents	**1,118**	**10,493**	**–**	9,470	73	–
Amounts owing by subsidiaries	**19,417**	**3,791**	**10,282**	–	3,725	9,083
Trade and other receivables	**1**	**–**	**–**	1	–	–
	20,536	**14,284**	**10,282**	9,471	3,798	9,083
Financial liabilities						
Trade and other payables	**(2,322)**	**–**	**–**	(2,540)	–	–
Currency exposure on financial assets and liabilities	**18,214**	**14,284**	**10,282**	6,931	3,798	9,083

Sensitivity analysis for currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in the SGD, USD, Euro and HKD exchange rates (against RMB), with all other variables held constant, of the Company's and the Group's profit net of tax and equity.

		2015		2014	
		Profit net of tax	**Equity**	Profit net of tax	Equity
The Group		**RMB'000**	**RMB'000**	RMB'000	RMB'000
SGD	- strengthened 5% (2014 - 5%)	**(454)**	**(454)**	(1,102)	(1,102)
	- weakened 5% (2014 - 5%)	**454**	**454**	1,102	1,102
USD	- strengthened 5% (2014 - 5%)	**(2,882)**	**(2,882)**	(1,055)	(1,055)
	- weakened 5% (2014 - 5%)	**2,882**	**2,882**	1,055	1,055
Euro	- strengthened 5% (2014 - 5%)	**2**	**2**	79	79
	- weakened 5% (2014 - 5%)	**(2)**	**(2)**	(79)	(79)

		2015		2014	
		Profit net of tax	**Equity**	Profit net of tax	Equity
The Company		**RMB'000**	**RMB'000**	RMB'000	RMB'000
SGD	- strengthened 5% (2014 - 5%)	**756**	**756**	288	288
	- weakened 5% (2014 - 5%)	**(756)**	**(756)**	(288)	(288)
USD	- strengthened 5% (2014 - 5%)	**593**	**593**	158	158
	- weakened 5% (2014 - 5%)	**(593)**	**(593)**	(158)	(158)
HKD	- strengthened 5% (2014 - 5%)	**427**	**427**	377	377
	- weakened 5% (2014 - 5%)	**(427)**	**(427)**	(377)	(377)

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

33 Financial risk management objectives and policies (Cont'd)

33.2 Currency risk (Cont'd)

Sensitivity analysis for currency risk (Cont'd)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's and the Group's exposure to currency risk.

33.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from trade and other receivables and bank balances.

For sales of towercranes in the PRC, the Group typically requires a down payment of up to 30% of the contract price upon the order being placed. Upon delivery, up to 65% of the contract price is payable and the balance is to be paid by the customer at the expiry of the 12-month warranty period for manufacturing defects. For certain customers in the PRC, the Group gives credit terms of approximately 180 days from the date of invoice.

For the Group's overseas sales of towercranes, the Group typically requires a down payment of up to 30% of the contract price upon the order being placed. Upon shipment, the balance of the contract price is payable by way of letter of credit or telegraphic transfer.

The credit terms granted to customers are recommended by the Group's sales department and approved by the Group's Chief Executive Officer, Tian Ruo Nan and are determined based on the credit worthiness, payment history, transaction volume, financial background, market reputation and the existing relationship that the Group has with its customers.

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other significant concentration of credit risk other than as at 31 March 2015, the five largest trade receivables represent approximately 32% of the total trade receivables at the end of the reporting period. No other financial assets carry a significant exposure to credit risk.

The credit risk for trade and other receivables of the Group by geographical areas is as follows:

The Group	**2015** **RMB'000**	2014 RMB'000
The PRC	**326,667**	309,231
Singapore	**6,699**	16,481
Hong Kong and Macau	**44,885**	29,086
Other countries	**15,540**	9,972
	393,791	364,770

The allowance for impairment of trade and other receivables is based upon a review of the expected collectability of all trade and other receivables.

The Company's and the Group's major classes of financial assets are bank deposits and trade receivables. Cash is held with banks of good standing. Further details of credit risks on trade and other receivables are disclosed in Note 10 to the financial statements.

The Group's policy is to provide financial guarantees only to subsidiaries and associated companies. The maximum exposure of the Company in respect of the intra-group financial guarantees (see Note 30) at the reporting date if the facilities are fully drawn down by the subsidiaries or associated company is RMB263,454,000 (2014 - RMB195,060,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

33 Financial risk management objectives and policies (Cont'd)

33.4 Liquidity risk

Liquidity or funding risk is the risk that the Company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The exposure of the Company and the Group to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

If the Seller Undertaking were to be crystallised on the assumption of default by customers in making the installment payments to the bank or financial institution, the Seller Undertaking deemed payable would be:

The Group	**2015 RMB'000**	2014 RMB'000
Seller Undertaking provided to certain banks	**13,497**	40,426
Seller Undertaking provided to hire purchase companies	**3,663**	5,817
Security deposit guarantee provided to a hire purchase company	**3,570**	3,570
	20,730	49,813

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

The Group	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Non-derivative financial liabilities				
Balance as at 31 March 2015				
Trade and other payables	**330,457**	**17,434**	**6,538**	**354,429**
Borrowings	**342,690**	**6,049**	**–**	**348,739**
Amounts owing to related parties	**12,351**	**–**	**–**	**12,351**
Amount owing to a corporate shareholder of a subsidiary	**26,160**	**–**	**–**	**26,160**
	711,658	**23,483**	**6,538**	**741,679**
Non-derivative financial liabilities				
Balance as at 31 March 2014				
Trade and other payables	378,826	16,452	10,280	405,558
Borrowings	348,006	136,481	–	484,487
Amounts owing to related parties	33,981	–	–	33,981
Amount owing to a corporate shareholder of a subsidiary	27,280	–	–	27,280
Amount owing to an associated company	407	–	–	407
	788,500	152,933	10,280	951,713

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

33 Financial risk management objectives and policies (Cont'd)

33.4 Liquidity risk (Cont'd)

The Company	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Non-derivative financial liabilities				
Balance as at 31 March 2015				
Trade and other payables	**4,402**	**–**	**–**	**4,402**
Amounts owing to related parties	**80**	**–**	**–**	**80**
Corporate guarantees	**263,454**	**–**	**–**	**263,454**
	267,936	**–**	**–**	**267,936**
Balance as at 31 March 2014				
Trade and other payables	3,840	–	–	3,840
Amounts owing to related parties	80	–	–	80
Corporate guarantees	195,060	–	–	195,060
	198,980	–	–	198,980

33.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company and the Group do not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

34 Operating segments

Management has determined the operating segments based on the reports reviewed by the Group's chief operating decision-maker that are used to make strategic decisions, allocate resources, and assess performance.

The Group's chief operating decision-maker considers the business from a geographic segment perspective. Management manages and monitors the business in the two primary geographical areas of operations namely, 1) the PRC and 2) Hong Kong and Macau. The following summary describes the operations in each of the Group's reportable segments:

The PRC	:	Engaged predominantly in the manufacture and sale, with some rental and servicing of towercranes and towercrane components and accessories
Hong Kong and Macau	:	Engaged predominantly in the rental and servicing, with some sale of towercranes and towercrane components and accessories

Other segments included corporate functions and the sale and servicing of towercranes and towercrane components and accessories in Singapore. These are not included within the reportable operating segments as they are not separately reported to the Group's chief operating decision-maker and does not meet the quantitative thresholds required by FRS 108 for reportable segments. The results of these operations are included in the "all other segments" column.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

34 Operating segments (Cont'd)

The segment information provided to the Group's chief operating decision-maker for the reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Group's chief operating decision-maker excluding the results of associated companies. Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

2015	The PRC RMB'000	Hong Kong and Macau RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Total segment sales	**817,558**	**155,330**	**70,297**	**1,043,185**
Inter-segment sales	**(261,747)**	**1,531**	**–**	**(260,216)**
Sales to external parties	**555,811**	**156,861**	**70,297**	**782,969**
Comprises:				
Sale of manufactured towercranes and towercrane components and accessories	**539,812**	**25,545**	**70,250**	**635,607**
Rental and service income	**15,999**	**131,316**	**47**	**147,362**
	555,811	**156,861**	**70,297**	**782,969**
Results				
Interest income	**390**	**1**	**–**	**391**
Depreciation expense	**24,702**	**20,210**	**719**	**45,631**
Amortisation expense	**100**	**–**	**–**	**100**
Interest expense	**18,886**	**2,205**	**264**	**21,355**
Reportable segment profit before taxation	**45,937**	**44,769**	**2,265**	**92,971**
Other segment information				
Reportable segment assets	**1,143,980**	**167,377**	**112,275**	**1,423,632**
Additions to property, plant and equipment	**16,370**	**7,153**	**516**	**24,039**
Reportable segment liabilities	**673,370**	**88,529**	**24,383**	**786,282**

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

34 Operating segments (Cont'd)

2014	The PRC RMB'000	Hong Kong and Macau RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Total segment sales	1,140,812	81,660	93,159	1,315,631
Inter-segment sales	(406,916)	885	–	(406,031)
Sales to external parties	733,896	82,545	93,159	909,600
Comprises:				
Sale of manufactured towercranes and towercrane components and accessories	727,407	29,672	93,137	850,216
Rental and service income	6,489	52,873	22	59,384
	733,896	82,545	93,159	909,600
Results				
Interest income	1,175	*	–	1,175
Depreciation expense	21,995	13,427	697	36,119
Amortisation expense	183	–	–	183
Interest expense	21,319	1,240	24	22,583
Reportable segment profit/(loss) before taxation	66,407	12,347	(5,691)	73,063
Other segment information				
Reportable segment assets	1,442,652	137,073	32,072	1,611,797
Additions to property, plant and equipment	16,322	15,400	170	31,892
Reportable segment liabilities	960,665	71,840	11,450	1,043,955

* represents amount less than RMB1,000

Sales between segments are carried out at market terms. The revenue from external parties reported to the Group's chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

34 Operating segments (Cont'd)

Reconciliation of reportable segment profit or loss, assets and liabilities:

	2015	2014
	RMB'000	RMB'000
Profit or loss		
Profit before taxation for reportable segments	**90,706**	78,754
Profit/(loss) before taxation for other segments	**2,265**	(5,691)
Share of results of associated companies, net of tax	**–**	247
	92,971	73,310
Assets		
Total reportable segment assets	**1,423,632**	1,611,797
Deferred tax assets	**16,896**	16,871
Tax recoverable	**1,528**	525
Consolidated total assets	**1,442,056**	1,629,193
Liabilities		
Total reportable segment liabilities	**786,282**	1,043,955
Deferred tax liabilities	**18,278**	11,320
Current tax payable	**1,666**	3,569
Consolidated total liabilities	**806,226**	1,058,844

Revenue information based on geographical location of customers is as follows:

	2015	2014
The Group	**RMB'000**	RMB'000
The PRC	**388,060**	595,968
Hong Kong and Macau	**157,030**	82,559
Asia - others	**79,568**	56,184
Middle East	**68,086**	44,290
United States of America and Europe	**47,449**	41,914
Singapore	**36,172**	87,646
Others	**6,604**	1,039
	782,969	909,600

Non-current assets[1] information based on geographical location is as follows:

	2015	2014
The Group	**RMB'000**	RMB'000
The PRC	**345,075**	355,761
Hong Kong and Macau	**101,928**	92,643
Others	**1,114**	1,435
	448,117	449,839

[1] Non-current assets exclude financial instruments and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

34 Operating segments (Cont'd)

Information about major customers

Revenue from the Group's two major customers amounted to RMB102,300,000 and RMB51,127,000, arising from sales in the PRC and Asia-Others segment (2014 - RMB170,124,000 and RMB59,767,000, arising from sales in the PRC and Singapore segment).

35 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation techniques and significant unobservable inputs

The income approach was used to estimate the fair value of investment in THEC. The valuation involves estimation of Free Cash Flows to Firm, which is defined as the cash generated from operation after taking into account requirements for capital expenditure and incremental working capital. These cash flows are then discounted at an appropriate weighted average cost of capital ("WACC") to arrive at the business value.

Available-for-sale financial assets were carried at fair value at the end of each reporting period with changes in fair value recognised in equity. The following table shows the Group's valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

Valuation technique	Significant unobservable input	31 March 2015 %	On issue date %	Inter-relationship between key unobservable inputs and fair value measurement
				The estimated fair value would increase (decrease) if:
WACC	Risk-free rate	3.7	3.6	- The risk free rate was higher (lower)
	Expected market return	12.1	14.3	- The expected market return was higher (lower)
	Tax rate	25	25	- The tax rate was lower (higher)
	Debt/Equity ratio	91	56	- The debt/equity ratio was higher (lower)
	Risk premium	6	6	- The risk premium was higher (lower)
	Cost of equity	16.8	17.7	- The cost of equity was higher (lower)
	Cost of debt	4.7	3	- The cost of debt was higher (lower)

Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

35 Fair value measurement (Cont'd)

Valuation techniques and significant unobservable inputs (Cont'd)

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Balance as at March 2015				
Assets				
Available-for-sale financial assets	**–**	**–**	**79,467**	**79,467**
Balance as at March 2014				
Assets				
Available-for-sale financial assets	–	–	–	–

The Company	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Balance as at March 2015				
Assets				
Available-for-sale financial assets	**–**	**–**	**79,467**	**79,467**
Balance as at March 2014				
Assets				
Available-for-sale financial assets	–	–	–	–

The fair value of financial instruments that are not traded in an active market is determined by using valuation technique. The Company and the Group use income approach to determine fair value for the financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Disclosures on the Available-for-sale financial assets are provided in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

35 Fair value measurement (Cont'd)

The following table shows reconciliation from the opening balances to the ending balances for Level 3 fair values:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Available-for-sale financial assets:				
Balance as at beginning of year	**–**	–	**–**	–
Restructuring on 30 April 2014[1]	**78,675**	–	**78,675**	–
Fair value gains recognised in other comprehensive income	**792**	–	**792**	–
Balance as at end of year[2]	**79,467**	–	**79,467**	–

1 This refers to the fair value on acquisition of available-for-sale financial assets on 30 April 2014. Initial fair value was based on the total cost of investment divided by number of shares held.

2 The fair value of unquoted equity investments in THEC as at 31 March 2015 is based on the valuation report issued by an independent valuer.

Financial instruments by category

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 39 categories:

	The Company		The Group	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Trade and other receivables	**1**	1	**384,934**	337,963
Available-for-sale financial assets	**79,467**	–	**79,467**	–
Amounts owing by subsidiaries	**33,490**	83,554	**–**	–
Amounts owing by an associated company	**–**	–	**–**	1,064
Amounts owing by related parties	**–**	–	**81,285**	165,466
Amount owing by a corporate shareholder of a subsidiary	**–**	–	**195**	1,275
Cash and cash equivalents	**11,611**	9,543	**149,922**	231,123
	124,569	93,098	**695,803**	736,891
Financial liabilities				
Trade and other payables	**4,402**	3,840	**354,429**	405,558
Borrowings	**–**	–	**338,854**	470,539
Amount owing to an associated company	**–**	–	**–**	407
Amounts owing to related parties	**80**	80	**12,351**	33,981
Amount owing to a corporate shareholder of a subsidiary	**–**	–	**24,910**	26,012
	4,482	3,920	**730,544**	936,497

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 31 March 2015

36 Capital management

The Company's and the Group's objectives when managing capital are:

(a) to safeguard the Company's and the Group's ability to continue as a going concern;

(b) to support the Company's and the Group's stability and growth;

(c) to provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and

(d) to provide an adequate return to shareholders.

The Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently do not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year. The Group are not subject to externally imposed capital requirements.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2015 and 31 March 2014.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio between 40% and 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables plus amounts owing to/advance payments from related parties, a corporate shareholder of a subsidiary and associated companies less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

The Group	**2015** **RMB'000**	2014 RMB'000
Net debt	**609,764**	757,379
Total equity	**581,019**	530,548
Total capital	**1,190,783**	1,287,927
Gearing ratio	**51.2%**	58.8%

37 Comparative figures

Disclosures on operating segments have been made during the current financial year as the Hong Kong and Macau operations ("Hong Kong and Macau Segment") became a significant operating segment following the acquisition of the Hong Kong operations, EEL and EEM, during the second half of the previous financial year which are primarily in the rental of towercranes and towercrane components and accessories businesses. Comparative figures have been disclosed accordingly. In prior years, the results of the Hong Kong and Macau Segment were not considered to be a significant operating segment.

SHAREHOLDERS' INFORMATION

As at 17 June 2015

Total Number of Shares	:	443,750,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	24	5.32	23,100	0.01
1,001 - 10,000	195	43.24	1,143,000	0.26
10,001 - 1,000,000	221	49.00	22,555,232	5.08
1,000,001 and above	11	2.44	420,028,668	94.65
	451	100.00	443,750,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	SUN & TIAN INVESTMENT PTE. LTD.	254,714,350	57.40
2.	TAT HONG HOLDINGS LTD	106,265,766	23.95
3.	CIMB SECURITIES (SINGAPORE) PTE LTD	26,310,000	5.93
4.	NG CHWEE CHENG	10,154,000	2.29
5.	2G CAPITAL PTE LTD	10,000,000	2.25
6.	SUN TIAN	3,909,000	0.88
7.	PHILLIP SECURITIES PTE LTD	2,359,000	0.53
8.	UOB KAY HIAN PRIVATE LIMITED	2,050,000	0.46
9.	CITIBANK NOMINEES SINGAPORE PTE LTD	1,631,000	0.37
10.	DBS NOMINEES (PRIVATE) LIMITED	1,357,811	0.31
11.	YING SIEW KHAY	1,277,741	0.29
12.	MAYBANK KIM ENG SECURITIES PTE. LTD.	948,089	0.21
13.	DBS VICKERS SECURITIES (S) PTE LTD	850,000	0.19
14.	SEE BENG LIAN JANICE	850,000	0.19
15.	THOMAS LIM SIOK KWEE	800,000	0.18
16.	CHIA KEE KOON	799,000	0.18
17.	CHEN LAY GEOK	750,000	0.17
18.	LIM PENG CHUAN TERENCE	700,000	0.16
19.	YAP SOON YONG	700,000	0.16
20.	HO KIM HONG	680,000	0.15
		427,105,757	96.25

SHAREHOLDERS' INFORMATION

As at 17 June 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Sun Zhao Lin[1]	–	–	254,714,350	57.40
Tian Ruo Nan[1]	333,000	0.08	254,714,350	57.40
Tat Hong Holdings Ltd	106,265,766	23.95	–	–
Chwee Cheng & Sons Pte Ltd[2]	–	–	106,265,766	23.95
Sun & Tian Investment Pte. Ltd.	254,714,350	57.40	–	–

The percentage of shareholding above is computed based on the total issued shares of 443,750,000 excluding treasury shares.

Notes:

1 Mr Sun Zhao Lin and Ms Tian Ruo Nan are deemed to be interested in the shares of the Company by virtue of the shares held by Sun & Tian Investment Pte. Ltd.. Mr Sun Zhao Lin and Ms Tian Ruo Nan are directors and substantial shareholders of Sun & Tian Investment Pte. Ltd..

2 Chwee Cheng & Sons Pte Ltd is deemed to be interested in the shares of the Company by virtue of the shares held by Tat Hong Holdings Ltd. Mr Ng San Tiong is a director and shareholder of Chwee Cheng & Sons Pte Ltd. Chwee Cheng & Sons Pte Ltd and Mr Ng San Tiong are substantial shareholders of Tat Hong Holdings Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

15.41% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Yongmao Holdings Limited (the "Company") will be held at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 on Monday, 27 July 2015 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 March 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt one-tier first and final dividend of 0.60 Singapore cents per ordinary share for the financial year ended 31 March 2015 (2014: 0.50 Singapore cents per ordinary share). **(Resolution 2)**

3. To declare a tax exempt one-tier special dividend of 0.20 Singapore cents per ordinary share for the financial year ended 31 March 2015. **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Article 117 of the Articles of Association of the Company:

   Mr Sun Tian **(Resolution 4)**
   Mr Ng San Tiong **(Resolution 5)**
   Mr Chua Kee Lock **(Resolution 6)**
   [See Explanatory Note (i)]

5. To approve the payment of Directors' fees of S$222,000 for the financial year ended 31 March 2015 (2014: S$222,000). **(Resolution 7)**

6. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

   (the "Share Issue Mandate")

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 9)**

[See Explanatory Note (ii)]

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be and is given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report dated 9 July 2015 (the "Appendix") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this Resolution. **(Resolution 10)**

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Chew Kok Liang
Company Secretary

Singapore, 9 July 2015

Explanatory Notes:

(i) Mr Chua Kee Lock will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Audit Committee and Nominating Committee respectively. Mr Chua Kee Lock will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Resolution 9 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) Resolution 10 above, if passed, will authorise the Interested Person Transactions as described in the Appendix to the Annual Report and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE OF BOOKS CLOSURE FOR FIRST AND FINAL AND SPECIAL DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Yongmao Holdings Limited (the "Company") will be closed on 5 August 2015 for the purpose of determining the members' entitlements to the tax exempt one-tier first and final dividend and special dividend to be proposed at the Annual General Meeting of the Company to be held on 27 July 2015.

Duly completed registrable transfers in respect of the shares of the Company received by the Company's Share Registrar in Singapore, RHT Corporate Advisory Pte. Ltd. up to 5.00 p.m. on 5 August 2015 will be registered to determine members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares of the Company as at 5.00 p.m. on 5 August 2015 will be entitled to such proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting, will be paid on 24 August 2015.

By Order of the Board

Chew Kok Liang
Company Secretary

Singapore, 9 July 2015

APPENDIX

SUMMARY SHEET FOR RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

Yongmao Holdings Limited (the "Company") together with its subsidiaries (collectively the "Group") is seeking approval from the Shareholders at the Annual General Meeting ("AGM") to be held on 27 July 2015 for the renewal of the Shareholders' Mandate to authorise the Group to enter into various Interested Person Transactions in compliance with Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

2. GENERAL

We anticipate that our Group would, in the ordinary course of business, enters into transactions with persons who are considered "Interested Persons" as defined in Chapter 9 of the Listing Manual of SGX-ST. It is likely that such transactions will occur with some degree of frequency and could arise at any time, and from time to time. Such transactions include, but are not limited to, the categories of transactions described below.

Chapter 9 of the Listing Manual of SGX-ST applies to transactions entered or to be entered into by an entity at risk with a party that is an interested person of the listed company. Save for transactions which are excluded under Chapter 9 of the Listing Manual of SGX-ST, an immediate announcement and (if applicable) shareholders' approval would be required in respect of a transaction with interested persons if the value of that transaction is equal to or exceeds certain financial thresholds.

Under the SGX-ST's Listing Manual:-

(a) an "entity at risk" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "listed group"), or the listed group and its interested person(s), has control over the associated company;

(b) an "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) an "associate" means:-

in relation to an interested person who is a director, chief executive officer, substantial or controlling shareholder includes:-

(i) an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling and parent) of such director, chief executive officer or controlling shareholder;

(II) the trustees of any trust of which the director or his immediate family, the chief executive officer or his immediate family or controlling shareholder or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object;

(iii) any company in which the director and his immediate family, the chief executive officer and his immediate family or controlling shareholder and his immediate family has an aggregate interest (directly or indirectly) of 30% or more; and

APPENDIX

(iv) where a substantial shareholder or a controlling shareholder which is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) An "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group;

(e) An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;

(f) A "controlling shareholder" means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over the listed company; and

(g) An "interested person transaction" means a transaction between an entity at risk and an interested person.

Pursuant to Rule 920(2) of the Listing Manual of SGX-ST, the Company may treat a general mandate as having been obtained from the Shareholders ("Shareholders' Mandate") for the Company to enter into certain categories of interested person transactions with the classes of interested person set out below, if the information required by Rule 920(1)(b) is included in the Prospectus. Rule 920(1)(b) of the Listing Manual of SGX-ST requires the following information to be disclosed:

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) an independent financial adviser's opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the listed company and its minority shareholders;

(vi) an opinion from the Audit Committee if it takes a different view to the independent financial adviser;

(vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate; and

(viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The Shareholders' Mandate will be effective from the date of the passing of the resolution to be proposed at the AGM and will continue to be in force until the next AGM. We will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate at each subsequent AGM of the Company.

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons will abstain, and have undertaken to ensure that their associates will abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by shareholders who are unrelated to such interested persons or their associates.

Rule 905 and Rule 906 of the Listing Manual do not apply to any transaction which has a value that is below S$100,000 with an interested person and therefore transactions below S$100,000 need not be covered under the Shareholders' Mandate.

APPENDIX

3. CLASSES OF INTERESTED PERSONS

The Shareholders' Mandate will apply to transactions between the Group and the following persons ("Interested Persons"):

(a) Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian (the "Sun Family Members") and their associates (other than the Company), including Fushun Yongmao Industry and Trade Co., Ltd ("FYIT") and their respective subsidiaries or associated companies, if any; and

(b) Tat Hong Holdings Ltd and its subsidiaries and associated companies (the "Tat Hong Group").

Transactions with interested persons that do not fall within the ambit of the Shareholders' Mandate shall be subject to the provisions of Chapter 9 and/or any other applicable provisions of the Listing Manual of SGX-ST.

4. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The following transactions (the value of which is S$100,000 or more) with the Interested Persons (the "Interested Person Transactions") are in connection with the provision to, or the obtaining from, these Interested Persons of products and services which are recurrent transactions of a revenue or trading nature or which are necessary for the day-to-day operations of the Group:

(i) the sale of products (including the sale of towercranes and towercrane accessories to companies within the Tat Hong Group) and the provision of services; and

(ii) the purchase of products and services (including the purchases of consumables from FYIT).

5. RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the Shareholders' Mandate to enter into the Interested Person Transactions, provided that all such transactions are carried out on normal commercial terms. The Shareholders' Mandate (if approved and renewed on an annual basis) will eliminate, among others, the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions with interested persons arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising its corporate objectives and adversely affecting its business opportunities.

The Interested Person Transactions are entered into or, are to be entered into, by the Group in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons after the listing of the Company on the SGX-ST. Disclosure will be made where required under the prevailing listing rules, in the Company's annual report and financial results on the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force.

6. GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

The Audit Committee has reviewed and approved the following internal control procedures that will apply to Interested Person Transactions. These procedures are implemented with a view to ensuring that Interested Person Transactions are undertaken on normal commercial terms and/or on an arm's length basis; that is, the transactions are transacted on terms not more favourable to the Interested Persons than if they were transacted with an unrelated third party, and are not prejudicial to the interests of the Company and the minority Shareholders.

APPENDIX

The Company shall monitor transactions with Interested Persons entered into by the Group and categorise these transactions as follows:

(a) any transaction, whose value is less than 3% of the latest audited net tangible assets of the Group will be reviewed and approved by a non-interested Executive Director. In the event that all the Executive Directors have an interest, whether directly or indirectly, in the transaction, it will be reviewed and approved by a non-interested and Non-Executive Director; and

(b) any transaction, whose value is equal to or exceeds 3% of the latest audited net tangible assets of the Group will be reviewed and approved by at least one member of our Audit Committee.

For the purpose of the above review, where applicable, when supplying products or services to an Interested Person, the sale price or fee, and the terms, of at least two successful sales or supplies of a similar nature to non-Interested Persons within the last three months will be used for comparison. The sale price or fee for the supply of goods or services shall not be lower than the lowest sale price or fee of such other transaction(s) (of a similar nature) with non-Interested Persons.

Similarly, where applicable, when purchasing items from or engaging the services of an Interested Person, at least two successful purchases or quotations for the purchase or provision of same or similar items or services from non-Interested Persons within the last three months will be used (where available) for comparison. The purchase price or fee shall not be higher than the most competitive price, fee or quote of such other transaction(s) (of a similar nature) with non-Interested Persons. In determining the most competitive price or fee, non-price factors, including but not limited to quality, delivery time, and track record will be taken into account.

In the event that it is not possible for appropriate information (for comparative purposes) to be obtained, a Director (with no interest, direct or indirect, in the Interested Person Transactions) will determine whether the price, fees and/or the other terms offered by or to the Interested Persons are fair and reasonable, and approve such Interested Person Transactions. In so determining, such Director will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length and on normal commercial terms.

For all on-going and future Interested Person Transactions in respect of the renting of properties, appropriate steps will be taken with a view to ensuring that the rent is commensurate with the prevailing market rates, including adopting measures such as making enquiries with landlords of similar property and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

The Company will maintain a register of Interested Persons. This register will be updated regularly and will be sent to the Chief Financial Officer of the Group. The purpose of this register is to enable the Chief Financial Officer to identify the Interested Persons so as to facilitate the recording of all Interested Person Transactions excluding those below S$100,000.

The Company will also maintain a register of transactions carried out with Interested Persons including those pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into). This register of transactions shall be reviewed by the Audit Committee on a quarterly basis.

In addition, the Group's internal audit plan will incorporate a review of the transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate. The internal auditor, if any, shall be required to review such transactions and report directly to the Audit Committee on them. In the event that the Company does not have any internal auditor, the Company's external auditor will be required to review such transactions and report directly to the Audit Committee. Such internal audit plan is subject to the approval of the Audit Committee and the Board.

In the event that our Chief Executive Officer, a member of the Board or a member of the Audit Committee (where applicable) is interested in any Interested Person Transactions, he/she will abstain from any decision making by the Audit Committee or the Board in respect of that transaction.

APPENDIX

If during the quarterly reviews, the Audit Committee is of the view that the internal control procedures as stated above are not sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new guidelines and review procedures with interested persons. All Interested Person Transactions shall be reviewed and approved by at least one member of the Audit Committee prior to entry while a fresh mandate is being sought from Shareholders. In the event that a member of the Audit Committee is interested in any of the Interested Person Transactions, that member will abstain from reviewing that particular transaction.

The Audit Committee will also review transactions with interested persons on a quarterly basis with a view to ensuring that the prevailing rules of the SGX-ST (in particular, Chapter 9) are complied with. Our Audit Committee and our Board shall have the overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Group as they deem appropriate.

7. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company has reviewed the terms of the Shareholders' Mandate. Having considered, *inter-alia*, the categories, rationale and benefits, and guidelines on review procedures for the Interested Person Transactions, the Audit Committee confirms that (i) the review procedures for determining the prices of Interested Person Transactions have not changed since approval for the Shareholders' Mandate was last given; and (ii) the review procedures set out in the Shareholders' Mandate are sufficient to ensure that the Interested Person Transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. However, should the Audit Committee subsequently find that the existing procedures require material changes and are no longer relevant, the Audit Committee will recommend to the Board that a Shareholders' meeting be convened for Shareholders' approval in respect of a fresh mandate.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders of the Company in the issued share capital of the Company as at 17 June 2015 are set out below:-

	Number of Shares		Number of Shares	
Director	**Direct Interest**	**%**	**Deemed Interest**	**%**
Sun Zhao Lin[1]	–	–	254,714,350	57.40
Tian Ruo Nan[1]	333,000	0.08	254,714,350	57.40
Ng San Tiong	–	–	–	–
Sun Tian[2]	3,909,000	0.88	–	–
Chua Kee Lock	–	–	–	–
Ho Chew Thim	–	–	–	–
Steve Lai Mun Fook	–	–	–	–
Sun & Tian Investment Pte. Ltd.	254,714,350	57.40	–	–
Tat Hong Holdings Ltd	106,265,766	23.95	–	–
Chwee Cheng & Sons Pte Ltd[3]	–	–	106,265,766	23.95

Notes:

1. Mr Sun Zhao Lin and Ms Tian Ruo Nan are deemed to be interested in the shares of the Company by virtue of the shares held by Sun & Tian Investment Pte. Ltd.. Mr Sun Zhao Lin and Ms Tian Ruo Nan are directors and substantial shareholders of Sun & Tian Investment Pte. Ltd..

2. Mr Sun Tian is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan.

3. Chwee Cheng & Sons Pte Ltd is deemed to be interested in the shares of the Company by virtue of the shares held by Tat Hong Holdings Ltd. Mr Ng San Tiong is a director and shareholder of Chwee Cheng & Sons Pte Ltd. Chwee Cheng & Sons Pte Ltd and Mr Ng San Tiong are substantial shareholders of Tat Hong Holdings Ltd.

APPENDIX

9. ABSTENTION FROM VOTING

(i) Mr Sun Zhao Lin, Ms Tian Ruo Nan, Mr Sun Tian and Tat Hong Holdings Ltd, and their respective associates, being the Interested Persons will abstain from voting on the Resolution 10.

(ii) Mr Ng San Tiong who hold directorship and executive position in Tat Hong Group, and their respective associates will abstain from voting on the Resolution 10.

10. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate are Mr Chua Kee Lock, Mr Ho Chew Thim and Dr Steve Lai Mun Fook (the "Independent Directors"). The Independent Directors are of the opinion that the entry into the Interested Person Transactions by the Group in the ordinary course of its business will enhance the efficiency of the Group and are in the best interests of the Company.

For the reasons set out in paragraph 5 of the Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions at this AGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given herein and confirm; having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate and that there are no material facts the omission of which would make any statement herein misleading.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his/her behalf, he/she should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him/her from attending and voting at the AGM if he/she so wishes.

13. SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Appendix.

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YONGMAO HOLDINGS LIMITED

(Company Registration No. 200510649K)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Yongmao Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____

of _____

being a member/members of **Yongmao Holdings Limited** (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 on Monday, 27 July 2015 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
Ordinary Business			
1	Directors' Report and Audited Accounts for the financial year ended 31 March 2015		
2	Payment of proposed tax exempt one-tier first and final dividend of 0.60 Singapore cents per ordinary share for the financial year ended 31 March 2015		
3	Payment of proposed tax exempt one-tier special dividend of 0.20 Singapore cents per ordinary share for the financial year ended 31 March 2015		
4	Re-election of Mr Sun Tian as a Director		
5	Re-election of Mr Ng San Tiong as a Director		
6	Re-election of Mr Chua Kee Lock as a Director		
7	Approval of Directors' Fees amounting to S$222,000		
8	Re-appointment of Messrs Foo Kon Tan LLP as Auditors		
Special Business			
9	Authority to issue shares		
10	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing one hundred per cent (100%) of the shareholding and any subsequent named proxy as an alternate to the first named.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 July 2015.

永茂控股

Yongmao Holdings Limited

(Incorporated in the Republic of Singapore on 3 August 2005)
(Company Registration No: 200510649K)
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