

**YONGMAO HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200510649K)

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**CLARIFICATION ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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The board of directors (the “**Board**”) of Yongmao Holdings Limited (the “**Company**”) wishes to announce the following in response to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) pertaining to the Company’s Annual Report (“**AR**”) for the financial year ended 31 March 2020 (“**FY2020**”).

**SGX-ST Query (a)**

**Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.**

- (a) **We note that the Company had not complied fully with Provisions 2.2 and 2.4 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent and you have not disclosed progress made towards implementing the board diversity policy, including objectives, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.**

**The Company’s Responses to SGX Query (a)**

The Board comprises seven (7) Directors, three (3) of whom are independent and non-executive Directors (the “Independent and Non-Executive Directors”), one (1) Non-Executive and Non-Independent Director and three (3) Executive Directors. Majority of the Board is made up of Non-Executive Directors which is in compliance with provision 2.3 of the Code.

The Company had provided the following explanation on page 25 of the AR FY2020 that where it deviates from the Provision 2.2 of the Code:

“Although the Chairman is not Independent and the Independent Directors of the Company do not make up a majority of the Board, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. Matters requiring the Board’s approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively.”

The Company is of the view that it has complied with Provision 2.4 of the Code as the practices it has adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

The Company endeavours to ensure that the Board comprises individuals with diverse experience and expertise who, as a group, will provide an appropriate balance and range of skills, experience, perspectives and knowledge for effective stewardship of the Group's business. Although the Company has yet to adopt a board diversity policy, the Company has embraced all aspects of diversity in the current Board composition, including gender and age diversity. However, the Board is collectively of the view that it should not be considered as a requirement in the selection of potential candidate(s). The right blend of skills, industry knowledge, relevant experiences and suitability, shall remain as priority, as disclosed in page 27 of the AR FY2020.

As detailed in the Board Composition and Guidance section on page 25 of the AR FY2020, the Board and its board committees are of an appropriate size and with the right mix of skills and diverse expertise and 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 overall direction and strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company.

Also, despite all the Directors bear an equal responsibility for the Group's operations, the Independent Directors play an important role in ensuring that the strategies proposed by the Management are constructively challenged and developed by taking into account the long-term interests of the shareholders. 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 at least one informal meeting sessions for the Non-Executive and Independent Directors to meet without the presence of the Management and feedback on issues discussed is thereafter provided to the Chairman of the Board, as disclosed in page 26 of the AR FY2020.

#### **SGX-ST Query (b)**

**(b) We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.**

#### **The Company's Responses to SGX-ST Query (b)**

The Company had provided the names, amounts (in bands of S\$250,000) and percentage breakdown in terms of categories and components paid to each individual director, the CEO and the six key management personnel (who are not directors or the CEO) for FY2020, on pages 33 of the AR FY2020.

The Company had also provided the following explanation on page 33 of the AR FY2020 where it deviates from Provision 8.1 of the Code:

“The Board is of the view that the remuneration of each individual Director and CEO of the Company and the Group 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.”

The Board is also of the view that the disclosure of the indicative range and percentage of the Directors’ and key management personnel’s remuneration provides a reasonable amount of information on the Company’s remuneration framework to enable the shareholders to understand the link between the Company’s performance and the remuneration of the Directors and the key management personnel. The policy and criteria for setting remuneration are also enumerated under Principle 6 and Principle 7 on pages 31 and page 32 of the AR FY2020.

Based on the above, the Board is of the view that the Company is transparent in its remuneration policies and procedures and the practices the Company had adopted are consistent with the intent of Principle 8 of the Code.

BY ORDER OF THE BOARD

Tian Ruo Nan  
Chief Executive Officer  
23 October 2020