

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

YONGMAO FY2022 ANNUAL GENERAL MEETING ADVANCE QUESTIONS AND RESPONSES

The Board of Directors of Yongmao Holdings Limited (the “**Company**”) refers to the publishing of its annual general meeting related documents on the SGXNET on 8 July 2022. As at 18 July 2022, the Company has received the following relevant and significant questions from the shareholders and the Company wishes to provide its responses in advance of the AGM as follow:-

1. **Henggin Island - The Chinese Island of Hengqin Could Soon Belong to Macau**
(<https://www.gamblingnews.com/news/the-chinese-island-of-hengqin-could-soon-belong-to-macau/>)

Will Yongmao cranes be used in the development of the island?

At the date of this announcement, we are not aware of any Yongmao cranes to be used in the development of the island.

2. **Egypt is getting a new capital -- courtesy of China**
(<https://edition.cnn.com/style/article/egypt-new-capital/index.html>)
Are Yongmao's cranes used in the construction of the new capital?

At the date of this announcement, we are not aware of any Yongmao cranes to be used in the construction of the new capital.

3. **Rail links to EuroAsia - Has Yongmao examined rail transportation to Europe to mitigate the shortage of ship containers?**

Yongmao has examined rail transportation to Europe to mitigate the shortage of ship containers. However, based on existing orders it is not cost efficient or feasible to use rail transportation.

4. **Writ of summons**
What is the latest position of the Writ of Summons and Statement of Claim (the “Writ”) filed by CMNT Investment Pty Ltd (“CMNT”)?

As per disclosed in the annual report FY2022, the Company and the subsidiary, Yongmao Machinery Pte. Ltd. are still continuing taking legal advice in relation to the suit and intent to vigorously defend the claims made by CMNT in the suit.

On 7 July 2022, our lawyer has confirmed that a mediation session has been arranged on 28 July 2022. We will update if there is any material development arising from the mediation.

5. **Option to return**
During the period under review, sales of tower cranes for the amount approximate to RMB114.2 million were entered with an option to return by customers within a period of time-frame.

Is this a new form of sales?

How are such sales recognised in the P&L statement and the balance sheet?

Sales of tower cranes with an option to return by customers within a period of time-frame are only given under special circumstances, such as for sales of new model or in a new market. The Group has no intention to further extend such arrangement.

In accordance to SFRS(I) 15, if the sale of the tower cranes is combined with a residual value commitment (buybacks), the criterion of transferring control is based on if the customer has a significant economic incentive to exercise the option to return the tower cranes. A significant economic incentive exists, or if the historical returns indicate that it is probable that the customer will return the tower cranes at the end of the commitment period. Thus, the control has not been transferred and the sales transaction is recognized as an operating lease transaction. The revenue and expense are recognized over the residual value commitment period in the income statement. Assets under operating leases were capitalised as property, plant and equipment, payment received as advances from customers are recognized in the balance sheet.

6. Tat Hong Equipment Service Co., Ltd (THES). Announces FY2022 Annual Results, Business News – AsiaOne (<https://www.asiaone.com/business/tat-hong-equipment-service-co-ltd-announces-fy2022-annual-results>)

What is Yongmao's stake in THES?

The value of Yongmao's stake in THES decreased by RMB 33m from RMB 119m on 31 March 2020 to RMB 86m on 31 March 2022. Is this a concern to Yongmao's Board?

As disclosed by Tat Hong Equipment Service Co., Ltd. (“THES”) (listed on the HKEX) as at 31 March 2022, Tat Hong Equipment (China) Pte. Ltd. (“THEC”) has an interest of 67.77% in THES. The Company has an interest of 11.6% in THEC.

The decrease in the FVOCI is mainly due to the decrease in share price of THES which depends on market sentiments and global investment outlook. The Group’s intention to hold this equity instrument for long-term appreciation as part of the Group’s business model. Thus, the short term fluctuation in the share price is not a concern to the Board.

7. Why are tower cranes more cost-efficient and safer than crawler cranes in wind power projects? Are crawler cranes commonly used now? What has been the feedback on STF2080?

The cost of crawler cranes are generally more expensive than tower cranes of a comparable lifting capacity. So far, for wind power projects, crawler cranes are now more commonly used.

We have so far received positive feedback with regards to our STF2080 and we are developing higher lifting capacity tower cranes to meet the needs of our end users.

**8. On Page 7 of the Chairman’s Statement:
“In Ganzhou City, Jiangxi Province, our STT2630 tower cranes were involved in the Xinfeng Power Plant Project, supported by the National Energy Administration in southern Gansu with the goal of alleviating poverty”**

Can company clarify the accuracy of the above statement.

Company would like to clarify, the paragraph should read as below:

“In Ganzhou City (贛州市) , Jiangxi Province, our STT2630 tower cranes were involved in the Xinfeng Power Plant Project, supported by the National Energy Administration in Ganzhou (贛州) with the goal of alleviating poverty”

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
19 July 2022