
RESPONSE TO SGX QUERIES ON THE FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Yongmao Holdings Limited (the "Company") has received queries from the Singapore Exchange Securities Trading Limited (the "SGX-ST") regarding the Full Year Results for the financial year ended 31 March 2020 announced on 17 July 2020 ("the FY2020 Full Year Announcement"). The Company's responses to the queries of SGX-ST are set out below:

SGX-ST Queries

We refer to the Company's announcement dated 17 July 2020, in relation to the Company's financial statements for the full year ended 31 March 2020 (the "Financial Statements").

We would appreciate if the Company can address the following queries via an SGXNet announcement by Monday, 3 August 2020. In your announcement, please disclose our question and your corresponding answer to enable investors to understand the matters raised by the Exchange. If our queries have been addressed previously, please contact us to clarify this:-

- (a) Please provide a breakdown of Group Trade and Other Receivables for both periods ending 31 March 2020 and 31 March 2019.

The Company's Responses

	The Group	
	31 March 2020	31 March 2019
	RMB'000	RMB'000
Trade receivables	353,070	325,826
Credit loss allowance for trade receivables	(4,538)	(2,432)
Net trade receivables	348,532	323,394
Bills receivables	13,968	51,243
GST or VAT receivables	132	-
Staff loans	225	322
Staff advances	3,396	2,957
Advances made to suppliers of raw materials	50,803	31,081
Advances made to freight forwarder	259	1,009
Down-payment for property, plant and equipment	1,067	4,419
Refundable deposits	918	868
Prepayments	2,600	2,027
Prepaid interest	1,543	2,215
Other tax receivables	1,096	-
Amounts owing by related companies of corporate shareholders of subsidiaries	4,888	3,434
Other receivables	3,001	1,752
	<u>432,428</u>	<u>424,721</u>
Presented as:		
Current	432,257	424,496
Non-current	171	225
	<u>432,428</u>	<u>424,721</u>

(b) Please provide the aging of the Trade and Other Receivables as at 31 March 2020.

The Company's Responses

	31 March 2020 RMB'000
Current	160,522
Past due 0 to 3 months	133,381
Past due 3 to 6 months	50,755
Past due 6 to 9 months	24,862
Past due 9 to 12 months	16,790
Past due over 12 months	46,118
	432,428

(c) We note that the Group has recognised an allowance for impairment of trade receivables of RMB2.1mil for the period ended 31 March 2020, compared to a reversal of allowance for impairment of trade receivables of RMB3.8mil for the period ended 31 March 2019.

In this regard, please disclose the following:-

- i. The Company's plans to recover the trade receivables;**
- ii. Whether they are major customer(s) and whether the Company continues to transact with these customer(s);**
- iii. What were the actions taken to recover the trade receivables;**
- iv. The Board's opinion on the reasonableness on the methodologies used to determine the value of the impairment of trade receivables;**
- v. Board's assessment of the recoverability of the remaining trade receivables and the bases for such an assessment.**

The Company's Responses

- i. The total allowance provided as at 31 March 2020 was RMB4.5m. The Company's plan to recover the trade receivables includes the followings:
 - Continue to chase for payment;
 - Negotiate with customers on dispute cases; and
 - Legal actions to be taken against certain customers.
- ii. They are not major customers to the Company and the Company has ceased all transactions with these customers except for on cash term transactions.
- iii. The Company has taken the following actions to recover the trade receivables:
 - Constantly chase for payment;
 - Repossession of tower cranes upon negotiation with customers; and
 - Legal actions were taken against certain customers.
- iv. The Board is of the opinion that the methodologies used to determine the value of the impairment of trade receivables is reasonable.
- v. The Group constantly monitor the aging of the trade receivables and their payment trends. The Group also maintain regular and appropriate contact with customers to build relationships, observe market conditions and chase payment effectively.

In additions, the Group's typical sales contract entered into with customers for sales of tower cranes, requires a non-refundable down payment before delivery and a credit enhanced clause which includes the right of repossession and the restriction to dispose of the tower cranes in the event the customers fail to make full payment.

The assessment of the adequacy of the expected credit loss allowance of the Group is based on the estimated realisable value of such secondhand tower cranes.

The Board has assessed the basis of recoverability as stated above and is of the opinion that the recoverability of the remaining trade receivable is reasonable.

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
3 August 2020