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

YONGMAO FY2021 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 12 July 2021. As at 26 July 2021, 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. **I refer to page 133 of the Annual Report about "Operating segment". Noted that revenue of RMB601.864m came from the PRC. How much of this RMB601.864m was derived from "government infrastructure and building projects" in the PRC?**

   So far, has there been any slowdown in the growth trend of "government infrastructure and building projects" in the PRC?

   When our tower cranes were sold to our customers especially rental companies, the tower cranes can either be used for government infrastructure and building projects or residential and commercial property projects or both. As such, we are unable to accurately track if the tower cranes were used by our customers in which industrial segment.

   So far, we do not observe any slowdown in the growth trend of "government infrastructure and building projects" in the PRC.

2. **I refer to page 133 of the Annual Report about "Operating segment". Revenue from Singapore has declined 36.2% from RMB265.110m in 2020 to RMB169.257m in 2021. On page 6, Chairman mentioned that "Singapore, one of our major market other than the PRC has also progressively resumed construction activities in the second half of the financial year." Has construction activities and utilisation of our cranes in Singapore recovered back to pre-Covid levels?**

   Our tower cranes are mostly sold to tower cranes rental companies in Singapore. As such, we do not have the data on the utilisation of these cranes sold in Singapore if it has recovered back to pre-Covid levels. However, based on our understanding of the market, construction activities in Singapore have yet to recovered backed to pre-Covid levels.

3. **I refer to page 133 of the Annual Report about "Operating segment". For the Hong Kong and Macau segment, I noted that 92.8% of segment revenue came from "Rental and service income". Unlike Singapore, why such "Rental and service income" has increased by 19.0% from RMB101.255m in 2020 to RMB120.488m in 2021 despite being a pandemic year? Does the Board and Management think such growth rate in "Rental and service income" can be sustained in FY2022?**

   The increase in revenue in Hongkong & Macau segment is due to more government construction projects for both residential and infrastructure in FY2021 as compared to the previous financial year. The Covid-19 epidemic is still spreading globally and the international landscape is complicated with high uncertainties, barring unforeseen circumstances, the Board and Management are cautiously positive on the business outlook in the segment for FY2022.

4. **I refer to page 133 of the Annual Report about "Operating segment". Revenue from United States of America and Europe has more than doubled from RMB28.362m in 2020 to RMB58.228m in 2021. On page 10, CEO mentioned that "This was due in part to our sale to Russia where our cranes are used in one of Russia's largest modern shipbuilding and engineering complex, the Zvezda shipyard." Do the Board and Management believe Yongmao can continue to generate more of such sales in USA and Europe in FY2022?**

   The project sales to Russia for the Zvezda shipyard straddled over two financial years. Part of the sales was recognised in FY2021 and the remaining will be recognised in FY2022. Apart from this project, we are actively in participation of such tender projects in the regions.

5. **I refer to page 110 of the Annual Report about "Other operating expenses". May I ask the Audit Committee why "Allowance for expected credit loss, net" has increased 8.88 times from RMB2.106m in 2020 to RMB18.705m in 2021?**

   In last financial year, the Group applies the simplified approach model often use provisioning matrices that are based on historical data.

   Given the severe economic impacts of the COVID-19 outbreak which has led to a significant increase in the loss rate for trade receivables following the Group reported higher receivables and longer turnover days. The Group reconsider how the timing and amount of cash flows generated by outstanding trade receivables might be affected and increase loss rates as necessary considering the changes in future economic conditions relative to historic experience. Therefore, in current year's ECL assessment, the Group included PRC's unemployment rate as a proximity to the condition of credit default to the trade receivables as it is considered a more relevant macroeconomics factor which attempt to address the impact of the economic conditions as a whole.

6. **I refer to page 93 of the Annual Report about "Trade and other receivables". May I ask the Audit Committee how much of the RMB 532.653m trade and other receivables have been collected so far?**

   Of the RMB 532.653m trade and other receivables as at 31 March 2021, an amount approximates to RMB252.2m have been collected so far.

7. **I refer to page 97 of the Annual Report about "Inventories". May I ask the Audit Committee why "Provision for the year" for inventories has increased 5.0 times from RMB1.719m in 2020 to RMB8.595m in 2021?**

   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 provision made during the year is mainly pertains to the discontinuation of certain models of tower-cranes. The increase is also due to additional provisions made on inventories balances of Beijing Yongmao subsequent to the relocation of our factory from Beijing to Fushun.

8. **I refer to page 113 of the Annual Report about "Taxation". It was stated that "Pursuant to relevant PRC's taxation law, the subsidiary is subject to taxation at a preferential rate of 15%. Such incentive is valid till November 2020 and is subject to renewal." Is this tax incentive being renewed?**

   The Company is still in the process of renewing a 3-years tax preferential incentive from the local tax authority.

9. **I refer to page 58 of the Annual Report about "Consolidated Statement of Cash Flows". Under Note B, it was stated that "Cash payment of RMB13,208,000 (2020 – RMB27,077,000) were made to purchase property, plant and equipment." How will the acquisition of PPE trend be like over the next 2-3 years? How will they be funded?**

   There is no major capital expenditure budget for the next 2-3 years. Any purchases of PPE will be funded through internal resources or bank borrowings and is not expected to have a material effect on the working capital of the Group.

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
27 July 2021