



YONGMAO HOLDINGS LIMITED



Forging Forward With Stable Value

ANNUAL REPORT 2023

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Since 1992, our Group has been involved in the design, development and manufacture of wide range of tower cranes, components and accessories. Sold mainly to construction equipment distributors and equipment rental companies in overseas markets and to construction companies and equipment rental companies in the People's Republic of China (the "PRC"), our tower cranes are now exported to over 80 countries and regions around the world.

Our tower cranes 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 tower cranes with lifting capacities in the range of 80 to 4000 tonne-metres 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 tower cranes, our

research and development team has successfully designed and developed more than 60 models and sub-models of tower cranes. 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,
- Beijing International Airport, Terminal 3,
- Shanghai South Railway Station,
- Changjiang River Bridge,
- Fujian LNG Project,
- Beijing Olympic Village & Sports Hub,
- Expo 2010 Shanghai,
- Guangzhou Yangxi Power Plant,
- Hebei Caofeidian Power Plant,
- Beijing Daxing International Airport,
- Nanjing Puyi Highway Bridge.

In the overseas markets, our tower cranes 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,
- Marina One, Singapore,
- Hongkong-Zhuhai-Macau Bridge,
- Helsinki Vantaa International Airport, Finland.

We have a high level of expertise and experience in design and development of tower cranes, 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

MANUFACTURING FACILITIES AND PROCESS

Our production facilities are located in the PRC, namely Fushun City, Liaoning Province. 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 tower crane within 30 to 90 days.



OUR PRODUCTS & MANUFACTURING FACILITIES

PRODUCTS

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



TOPLESS STT

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 adjoining tower cranes in a worksite. This makes the Topless STT tower cranes particularly suitable for worksites with space constraints. The Topless STT tower cranes are also designed to erect and dismantle quickly to save time which results in cost savings.

ST

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



LUFFING STL

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

DERRICK Q

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

OUR GLOBAL PRESENCE



AMERICAS

Argentina
Brazil
Chile
Columbia
Dominican Republic
Ecuador
Panama
United States

EUROPE

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

AFRICA

Algeria
Angola
Libya
Mauritius
Nigeria
Rwanda
South Africa
Tanzania
Tunisia
Zambia

OUR GLOBAL PRESENCE



MIDDLE EAST

Bahrain
Israel
Jordan
Kuwait
Oman
Qatar
Saudi Arabia
UAE

ASIA

Azerbaijan
Cambodia
China
Hong Kong
India
Indonesia
Laos
Macau
Malaysia
Myanmar
Pakistan
Philippines

Singapore
South Korea
Sri Lanka
Taiwan
Thailand
Vietnam

OCEANIA

Australia
New Zealand

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Year in Review

迎风而立 · 破浪前行

Navigating Waves Against Gusts of Wind

The financial year 2023 (“FY2023”) started out with the gradual recovery from the effects of the COVID-19 pandemic as the PRC moved towards normalcy. The PRC’s GDP increased by about 4.5% in the first quarter from a year ago, and with the scrapping of the PRC’s zero-COVID policy in December 2022 and the lifting of most of the restrictions that had been in place for the past three years, economic recovery has been gaining traction. However, the PRC’s path to economic recovery remains uneven, in the light of the slump in the property market and weak global demand observed so far in 2023.

Outside of the PRC, our other business markets saw mixed results in their performance, with our Asia (outside the mainland PRC) and Middle East & others segment reporting a rise in revenue from the previous year, while our USA & Europe segments saw a decline. Taking into consideration the exceptionally strong performance last year due to the fulfilment of backlog deliveries after the resumption of businesses, as well as the large one-time purchases of mega cranes in our Europe business segment, Yongmao saw an overall decrease in results for the current reporting period.

Compared to the high base revenue recorded in the previous reporting period, year-on-year revenue decreased by 17.6% from RMB1,111.3 million in FY2022 to RMB915.7 million in FY2023. In line with the decrease in revenue, gross profit also saw a decrease of 17.4% from RMB307.5 million recorded in FY2022 to RMB254.0 million in FY2023. Meanwhile, average gross profit margin remained the same from FY2022 to FY2023, staying at 27.7%. This was largely due to the higher proportion of export sales, which offset the difference in margins between the sales proportion of small and medium tower cranes sold in FY2023 compared to large and mega sized cranes sold in FY2022. As a result of the above, net profit attributable to equity holders decreased from RMB55.3 million in FY2022 to RMB51.3 million in FY2023.

Despite the lukewarm business sentiment and challenges ahead, Yongmao remains resilient and continues to maintain its position as one of the leading players in the tower crane business.



Mr Sun Zhao Lin
(Executive Chairman)

Forging Ahead, Delivering Brand Value and Strengthening Leadership Status in the Industry

Yongmao stands as a significant contributor in the tower crane industry, driven by its unwavering dedication to research and development. Our consistent investments in these efforts empower our committed research teams to develop crane models that effectively cater to the evolving needs of diverse industries. By continuously enhancing our cranes and capabilities, we maintain our core competitiveness in the market.

We continue to focus on the large and mega size tower cranes to grow our market. As mentioned in the previous year, one notable involvement was the delivery of our largest luffing tower crane, the STL4200, to the Middle East for utilization in the construction of the Dubai Waste-to-Energy plant located in the United Arab Emirates. Two units of the STL4200, equipped with a lifting capacity of 100t and mounted on traveling chassis, accompanied by two units of the STL2400 with a lifting capacity of 80t on static fixed bases, were deployed in the projects. These cranes had played a crucial role in the project, which aims to establish the largest facility of its kind worldwide.



We continue to uphold our brand strength by clinching the sixth place amongst the world's top 10 tower cranes manufacturers for our tenth consecutive year since 2013; as well as among the top 10 in China. Such recognition attests to our brand position and helps to strengthen our determination in our continuous pursuit of excellence.



Within the border of the PRC, Yongmao's cranes continued to be deployed for major infrastructure projects in the PRC and beyond. In Shengzhou, Zhejiang Province, our STL1460C luffing tower cranes were used in the Shengzhou Xiaofei Bridge (嵊州小佛桥) project. The bridge measures 614 meters in length and 36 meters in width. It features a single-pylon Composite Girder Cable-stayed design, with the main bridge spanning the river. The cable tower has a total height of 99 meters, with 83 meters composed of steel structures, utilizing approximately 8,000 tons of steel. Our STT3930 and STT3330 tower cranes were also deployed for the construction of the Xi'an Baheyuanshuo Bay Bridge (西安灞河元朔大桥). It is the world's widest spatial double-cable plane self-anchored suspension bridge, with a total length of about 2.3 kilometers. The bridge deck is 56 meters wide, and the bridge tower is 129.5 meters high. The total steel consumption is 42,000 metric tons, which is equivalent to the steel consumption of six Eiffel Towers.

Following the successful entry of our cranes into the wind power industry with the STF2080, Yongmao continued to improve on the existing model, leading to the development of the STF3080 wind turbine tower crane. Our STF3080 crane is able to carry a weight of up to 200 tonnes, surpassing the lifting capacity of its predecessor. This crane was involved in the Bei'an wind power project in Heihe City, Heilongjiang Province. With the national goal of reducing carbon emission to promote environmental sustainability, Yongmao envisages our STF3080 crane to continue to play an integral part in the growth of the wind power industry.

Testament to Our Success

Yongmao is encouraged by the acknowledgements we have received for our efforts in innovation in crane production. In FY2023, our STF2080 crane won 2nd prize in the 5th National Equipment Management and Innovation Achievement (第五届全国设备管理与技术创新成果二等奖). The industry and customers have bestowed this award upon Yongmao as a recognition for our products. It also serves as an acknowledgment of our diligent efforts in the field of wind power tower cranes over the past few years.

CHAIRMAN'S STATEMENT

We continue to uphold our brand strength by clinching the sixth place amongst the world's top 10 tower cranes manufacturers for our tenth consecutive year since 2013; as well as among the top 10 in China. Such recognition attests to our brand position and helps to strengthen our determination in our continuous pursuit of excellence.

The press conference for "2022 China's Top 100 New Era Buildings" held by Chinese Society for Science and Technology Journalism (中国科技新闻学会) recently took place in Beijing. Yongmao tower cranes had an impressive participation, with 33 of its projects being selected among the top 100 announced. These projects include 8 venue/exhibition halls, 7 transportation hubs, 9 super high-rise buildings, 5 bridges, 3 nuclear power plants, and 1 hydropower station. The participation of Yongmao tower cranes in these projects not only highlight our strength but also showcases the brand's influence. Moving forward, Yongmao will continue to deepen its involvement in transportation, water conservancy, nuclear power plants, thermal power plants, and large-scale venue construction.

Market Development

The PRC's GDP experienced a growth of 4.5% in the first quarter of 2023 as compared to the same period last year. This growth can be attributed to the lifting of COVID-19 restrictions, following the scrapping of China's zero-COVID policy in December 2022. However, despite this relatively stronger performance, the PRC's economic performance in April 2023 fell short of expectations. This was due to the property market slump and weak global demand, causing an uneven path to recovery. As the PRC continues with its recovery, policymakers are likely to support the property sector, as well as implement modest monetary support and infrastructure spending initiatives.

Meanwhile, in Yongmao's other Asian markets, the strengthening of the Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD") against Renminbi ("RMB") works in our favour to bring about an increase in rental and service income in these two countries, and by extension, lead to possible revenue growth for the Asia segment (outside the PRC). Furthermore, the construction industries in both markets are likely to show a strong recovery in 2023, due to new public and private sector construction projects in the pipeline, bolstered by government support in such infrastructure and land development projects.

The construction demand in Singapore and Hong Kong is anticipated to remain steadfast in 2023. According to the Building and Construction Authority (BCA) of Singapore, it estimates that contracts valued between \$27.0 billion and \$32.0 billion are likely to be awarded during the year. The public sector is expected to drive approximately 60.0% of these contracts, with projects such as Build-To-Order (BTO) flats, MRT lines, and water treatment plants in the pipeline. The remaining 40.0% of contracts are expected to come from the private sector, encompassing both residential and industrial building projects.

Similarly for Hong Kong, 2023 is likely to experience continued growth in the construction industry, driven by a pipeline of new public and private sector projects. Additionally, to tackle the long-running housing shortage, the Hong Kong government has channelled investments into infrastructure, housing, and land development projects.

However, there are obstacles ahead with slow export growth in Asia (other than the PRC), as well as the EU entering a recession and the US economy forecast to slow sharply. These developments pose significant longer-term challenges that could potentially impede the world economy. We expect that the operating environment will continue to be challenging. Yongmao will remain vigilant and committed to exercising cost discipline to maintain our position amidst the changing headwinds. We continue to strive for growth despite the challenges as we work on ways in which we can improve our operational efficiency and continue to deliver greater value to our customers and shareholders through research and innovation.

Dividend and Acknowledgements

Year 2023 marks the 15th anniversary of Yongmao's IPO on the Singapore Exchange. In appreciation of shareholders' long-term support, and taking into account the Group's performance for FY2023, the Board of Directors proposes a final one-tier tax-exempt dividend of 1.0 Singapore cents per ordinary share, plus a final special dividend of 1.0 Singapore cents per ordinary share for FY2023. This proposal will be discussed and put up for approval at the upcoming Annual General Meeting.

CHAIRMAN'S STATEMENT

On behalf of the Board, we like to express our heartfelt appreciation to our Independent Director, Mr Chua Kee Lock who will not be seeking re-election during the upcoming AGM. We have benefitted greatly from his leadership and insights as Chairman of the Remuneration Committee, member of the Audit committee and Nominating Committee. We wish Mr Chua every success in all future endeavours.

Finally, I like to express deep gratitude to our stakeholders, including business partners, staff, and shareholders, for their unwavering support during these difficult times. I also extend my utmost appreciation and respect to the selfless healthcare workers around the world who have been persevering and holding the fort against the pandemic. Please continue to take care and stay safe, and we look forward to growing from strength to strength, building upon the solid foundation that we have laid together over the years, to bring Yongmao to even greater heights.

Sun Zhao Lin

Executive Chairman



OPERATIONS REVIEW

Income Statement

During FY2023, as the People's Republic of China (PRC) moved towards a state of normalcy, there was a gradual recovery from the impact of the COVID-19 pandemic. However, several factors influenced the financial performance for the year. Firstly, considering the high base results achieved in FY2022 and the recent COVID-19 outbreak in the PRC, the revenue for FY2023 declined compared to the previous year. The reimposition of restrictions in various cities to curb the spread of the outbreak led to a slowdown in business activities. Additionally, the lacklustre property market further contributed to the decrease in revenue generated in mainland PRC for FY2023, which dropped from RMB559.7 million in FY2022 to RMB402.2 million, representing a decline of 28.1%. Despite the decline, the PRC remained the largest contributor to the Group's total revenue, accounting for 43.9%.

As a result of the downturn in revenue from the PRC, the Group experienced an overall decrease in its total revenue by 17.6%, from RMB1,111.3 million in FY2022 to RMB915.7 million in FY2023.

The performance of the Group's markets outside the People's Republic of China (PRC) exhibited mixed results. The Asia segment, primarily driven by Singapore and Hong Kong, maintained its position as the second-largest contributor to the Group's revenue, following the mainland PRC, accounting for 43.7% in FY2023. This increase in the Asia segment's percentage contribution compared to 34.2% in FY2022 can be attributed to the rise in rental and service income of RMB21.8 million, as well as the favourable exchange translation rate resulting from the significant appreciation of the Hong Kong Dollar (HKD) and Singapore Dollar (SGD) against the Chinese Renminbi (RMB).

Similarly, the Middle East segment experienced a revenue increase from RMB81.7 million in FY2022 to RMB110.6 million in FY2023, primarily driven by a sales growth of RMB28.9 million. In contrast, the USA & Europe segment reported a substantial decline in revenue from RMB90.0 million in FY2022 to RMB3.0 million in FY2023, mainly due to the one-time sales of two units of mega-size tower cranes in FY2022. In tandem with the decline in revenue, the Group experienced a 17.4% decrease in gross profit, dropping from RMB307.5 million in FY2022 to RMB254.0 million in FY2023. However, the gross profit margin for FY2023 remained stable at 27.2% compared to FY2022. This stability can be attributed to the relatively consistent margins observed in the geographical segments compared to FY2022. Although the mainland PRC segment witnessed a decline in margins due to a higher proportion of sales of small and medium tower cranes in FY2023, which typically yield lower margins compared to the large and medium-sized tower cranes sold in FY2022, this was counterbalanced by a higher proportion of export sales. Export sales generally generate higher margins, mitigating the impact on the overall gross profit margin.



Ms Tian Ruo Nan
(Chief Executive Officer)



The Group witnessed a 17.5% reduction in total operating expenses, declining from RMB244.6 million in FY2022 to RMB201.9 million in FY2023. This decrease was primarily driven by a 22.0% drop in distribution costs, which decreased from RMB125.4 million in FY2022 to RMB97.9 million in FY2023. The decrease in distribution costs can be attributed to lower expenses related to freight, transportation, and sales services. The reduction in freight and transportation expenses was primarily a result of the decreased freight rates in FY2023 compared to FY2022, which stemmed from the supply shortage situation during that period.

Concluding the financial year, the Group reported a net profit attributable to equity holders amounting to RMB51.3 million for FY2023, a decline from RMB55.3 million reported in FY2022.

“
With an unwavering focus on quality and excellence, Yongmao is dedicated to maintaining consistent quality standards and fostering innovation to deliver increasing value over time.
 ”

Maintaining Our Edge in Innovation

With an unwavering focus on quality and excellence, Yongmao is dedicated to maintaining consistent quality standards and fostering innovation to deliver increasing value over time. We are committed to investing in research and development initiatives to uphold our competitive advantage and enhance our existing product range. Building upon the success of the STF2080 luffing tower crane, which was specifically designed for the wind power construction market, we have further advanced our technology and innovation. This resulted in the development of the STF3080 wind turbine tower crane, surpassing its predecessor in lifting capacity by 200 tonnes and height. The STF2080 tower crane has been recognised with two innovation awards, solidifying our position as an industry leader.

In addition to our ongoing efforts to enhance our tower crane products, we are actively exploring avenues to enhance operating efficiency to achieve optimal outcomes. In FY2023, we introduced our digital tower crane platform, which incorporate a dynamic simulation model. This platform is designed to enhance the overall management and process control capabilities of our hoisting machinery. Through our digital platform, we can conduct machine tests to further elevate the safety standards of our tower cranes.

By combining our safety and innovation principles, we enhance the effectiveness of Yongmao, thereby reinforcing our position in the pursuit of long-term objectives. We persistently invest in research and development to elevate our innovation standards, resulting in improved safety for our workers and enhanced operational efficiency. This continuous drive for innovation ultimately strengthens our core competitiveness.

OPERATIONS REVIEW

Upholding Health and Safety Standards

Health and safety remain essential for maintaining the high quality of our work and operations. For FY2023, Yongmao organised several activities as part of our “Safety Production Month” to improve the quality of our employees’ safety awareness. The activities were centred around the concept of people-oriented safety production and aimed at improving the level of safety management within the company.

With the objective of enhancing production safety and minimizing accidents, the Group has also made significant investments in production safety measures. An expanded safety system has been established, accompanied by mandatory monthly safety production meetings. These initiatives contribute to the improvement of safety capabilities and awareness, ensuring the integration of a safety mindset throughout our production workflow. By prioritising the well-being of our personnel, we can effectively achieve and sustain production efficiency and quality standards.

As countries around the world adapt to living with the ongoing COVID-19 pandemic, there remains the need to integrate health and safety measures into business operations, allowing for flexibility and containing the impact of another potential outbreak on businesses and their staff.

Looking Ahead

In the upcoming financial year, we will continue to extend our focus and seek to further proliferate the use of our large and mega-sized tower cranes for mega scale projects such as the energy plants, skyscrapers, bridges, airports and trains terminals. Our tower crane has proven to be a valuable asset in recent mega construction projects, showcasing a strong track record and earning recognition within the industry. We are optimistic that there will be further opportunities to demonstrate our capabilities and to expand our repertoire of wide-scale projects.

In closing, I like to thank our staff for their efforts in seeing Yongmao through another challenging year. I also like to thank our shareholders for their unwavering support throughout these times of uncertainty. Take care, and I wish you all good health.

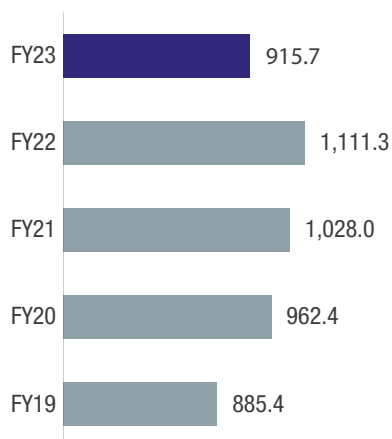
Tian Ruo Nan

Chief Executive Officer

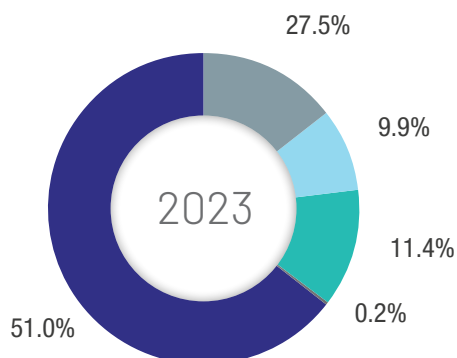


FINANCIAL HIGHLIGHTS

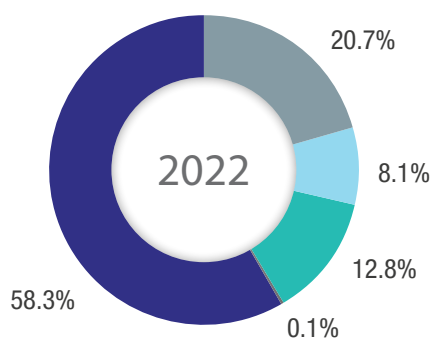
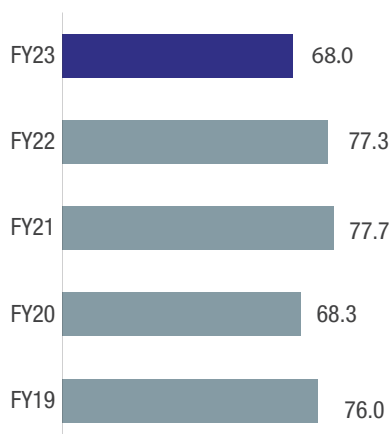
Revenue
(RMB million)



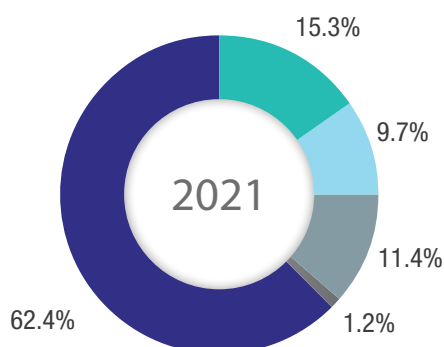
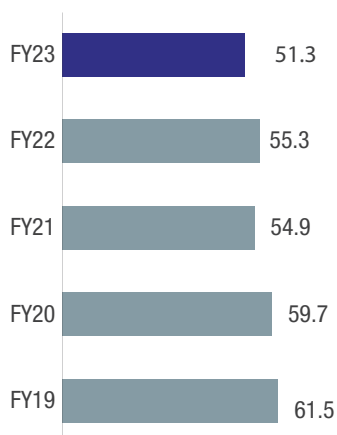
Revenue Breakdown by Product (%)



Profit Before Taxation
(RMB million)



Profit Attributable to Equity Holders of the Company
(RMB million)

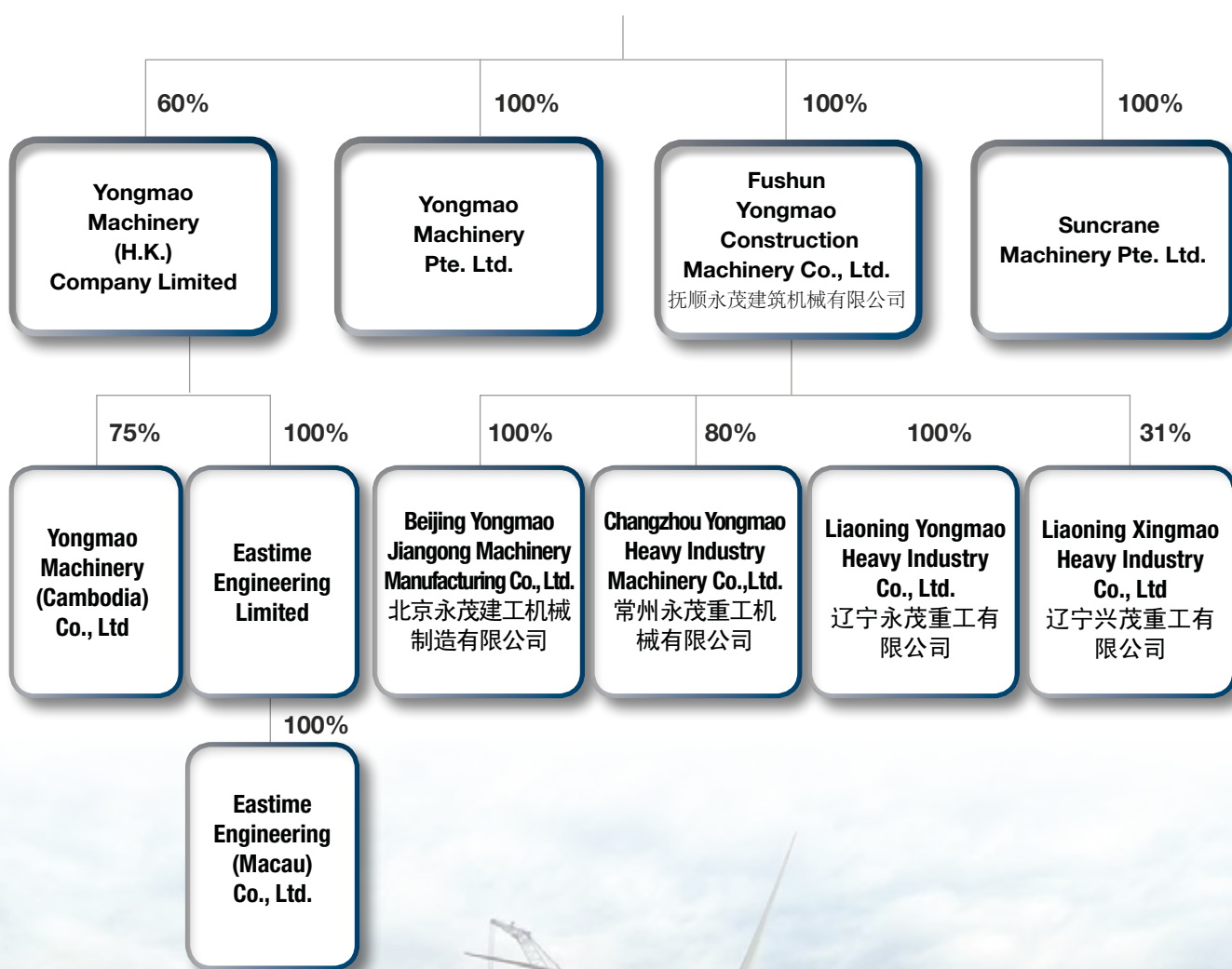


- Topless STT
- Components, Accessories and Others
- Rental and Service Income
- Luffing STL
- ST & Derrick

CORPORATE STRUCTURE



Yongmao Holdings Limited





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 20 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).



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 20 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). 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 also 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).

BOARD OF DIRECTORS



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 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 is also a director of CSC Holdings Limited, a foundation and geotechnical engineering company listed on the Stock Exchange of Singapore.

Mr Ng serves in many public and civic institutions in Singapore. He was elected as the Chairman of the Board of Trustees of Chinese Development Assistance Council (CDAC) since June 2022 after serving as a board member for 10 years. In addition, Mr Ng is the Vice Chairman of the China & North Asia Business Group (CNABG) of Singapore Business Federation and Chairman on the Board of SPH Foundation Limited.

Mr Ng graduated with a Bachelor of Science (Honours) Degree from Loughborough University of Technology, in the United Kingdom. Mr Ng was awarded the Public Service Medal (PBM) in 2002, Public Service Star (BBM) in 2010 and Public Service Star (Bar) BBM(L) for his significant public service in Singapore in 2020. He was appointed Justice of the Peace (JP) in September 2015.

Mr Ng served as Singapore's Non-Resident Ambassador to the Democratic Republic of Timor-Leste for three years since 2019 and was the President of the 59th & 60th Councils of Singapore Chinese Chamber of Commerce & Industry (SCCCI), an apex body of the Chinese business community in Singapore; and was also a member of the Board of Directors of Business China for nine years since 2013. He has also served the Toa Payoh Central Citizens' Consultative Committee as Chairman between 2008 and 2020 and continues to serve the community as its Patron.



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. Subsequently in August 2009, he joined our Group as a Sales Manager and an Executive Director responsible for the 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 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.

BOARD OF DIRECTORS



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 & Chief Executive Officer Vertex Venture Holdings Ltd (VH), a Singapore-headquartered venture capital investment holding company. Prior to this, Mr Chua held senior positions in Biosensors International Group, Ltd., a developer/manufacturer of medical devices; Walden International, a US-headquartered venture capital firm; NatSteel Ltd., a Singapore industrial products company; and Intraco Ltd., a Singapore-listed trading/distribution company. Mr Chua also co-founded MediaRing, a voice-over internet provider, which later listed on the Singapore Stock Exchange.

Mr Chua serves on the boards of several companies including Credit Bureau Asia Limited and Venture Corporation Limited, both listed on the Singapore Stock Exchange. Mr Chua also previously served on the boards of Shenzhen Chipscreen Biosciences (listed on Shanghai STAR Board) and Logitech International (listed on Swiss and Nasdaq).

Mr Chua is Singapore's Non-Resident Ambassador to the Republic of Cuba and the Republic of Panama.

Mr Chua holds a Bachelor of Science in Mechanical Engineering, University of Wisconsin and a Masters of Science in Engineering, Stanford University.



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. He is also currently a Director on the Board of the publicly listed Intraco Ltd and Vertex Technology Acquisition Corporation Ltd, as well as a number of other private limited Singapore companies.

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.



MR HOON CHEE WAI
Independent Director

Mr Hoon Chee Wai is one of our Independent Directors and was appointed to our Board on 2 September 2019. Mr Hoon has been a finance and banking professional for almost 30 years. Mr Hoon started his career in one of the Big-4 public accounting firm as an auditor from 1992 to 1994. From 1994 to 2012, Mr Hoon was an investment banker with various regional financial institutions in Singapore where he was involved in numerous initial public offerings on the Stock Exchange of Singapore, equity and debt fund raising exercises for publicly listed companies as well as advice on numerous mergers and acquisitions transactions. From 2012 to 2016, he became the senior vice president of corporate development of a hospitality, leisure and entertainment group listed on the Main Board of the Stock Exchange of Singapore. From 2017 to 2020, Mr Hoon was the head of finance and corporate development of a real estate developer and operator of integrated leisure and entertainment resorts listed on the Main Board of the Hong Kong Stock Exchange. He is currently the Chief Operating Officer of a mainboard listed company on the Stock Exchange of Singapore.

Mr Hoon obtained his Bachelor of Accountancy from Nanyang Technological University, Singapore in May 1992. He has also completed an INSEAD Leadership Program from November 2010 to September 2011. He is currently also an independent director of a company listed on the Hong Kong Stock Exchange. He has been a member of the Singapore Institute of Directors since April 2019.

KEY MANAGEMENT

MR YAP SOON YONG

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. Mr Yap has more than 30 years working experience and has held senior financial positions in various companies. 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. Mr Yap started his career in one of the Big-4 public accounting firm as an auditor from 1992 to 1996. 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

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 the Group's Fushun plant in 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

Mr Shi Yong is our Group Sales and Marketing Manager and is responsible for the sales and marketing operations of our Group in 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 Shi retired on 14 June 2023.

MS WANG XIU XIA

Ms Wang Xiu Xia was appointed as our Group Sales and Marketing Manager on 14 June 2023, and is in charge of the sales and marketing operations of the Group in PRC. Ms Wang first joined Fushun Yongmao Construction Machinery Co., Ltd ("FSYM"),

a subsidiary of the Group in 2006 as Assistant Supervisor of International Sales and Marketing Division and was subsequently promoted to Departmental Head of Sales and Marketing of FSYM cum Personal Assistance to CEO in 2020. She holds a bachelor's degree in marketing from Liaoning Petrochemical University (辽宁石油化工大学).

MR LIU XIAO MING

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 YU HAO BO

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 and is currently a member of The Chinese Institute of Certified Public Accountants.

MS WANG LIAN

Ms Wang Lian was appointed as our Deputy General Manager of Fushun Yongmao Construction Machinery Co., Ltd. on 8 May 2019, and is in charge of Research & Development. She is also responsible for the purchasing function of the Group. Ms Wang first joined Fushun Yongmao Construction Machinery Co., Ltd., as a Design Engineer in 2001 and was subsequently promoted to Engineering Supervisor and then to Chief Engineer in 2015. Ms Wang graduated from The Open University of China (中央广播电视大学) in 2009 having majored in Electric Automation. She also holds a Master in Engineering from Shenyang Jianzhu University.

SUSTAINABILITY REPORTING

As a socially responsible company, the Group remains steadfast and committed to embedding high standards of sustainable operations into our business activities in FY2023. We acknowledge that over 100 countries in the globe have pledged carbon neutrality by 2050, and the PRC government has committed to reaching there by 2060. We believe that fruitful collaboration between the private and public sectors is vital to pursue sustainability excellence.

Transitioning to a green and sustainable growth model requires the Group's dedicated involvement in multiple aspects of its operations. The Group strives to contribute to a sustainable future by improving disclosures and performance on environmental, social, and governance issues. In the Sustainability Report, the Group has detailed the relevant sustainability risks and opportunities that have the potential to impact our long-term operations and strategy planning. Furthermore, it has optimised its data collection system and included new disclosures on environmental and employment-related aspects for FY2023.

Upholding responsible sustainability governance is crucial for providing oversight of our commercial operations. The Board of Directors (the "Board" or the "Directors") is responsible for reviewing material topics based on the significance of the impact that the Group's business activities can have on the economy, environment, and people, including human rights. Additionally, the Board is accountable for integrating sustainability strategy and relevant targets into business planning. To assist the Board in formulating the Group's sustainability strategy and monitoring its sustainability performance, the Group has established the Sustainability Working Group. Under the Board's delegation, the Sustainability Working Group evaluates the effectiveness of sustainability practices across the Group's different departments and provides suggestions to the Board when appropriate. The Group's key management and divisional managers are responsible for mitigating sustainability risks and implementing effective measures that improve sustainability performance across the company.

The table below summarises the material topics identified by the Group for the FY2023 Sustainability Report:

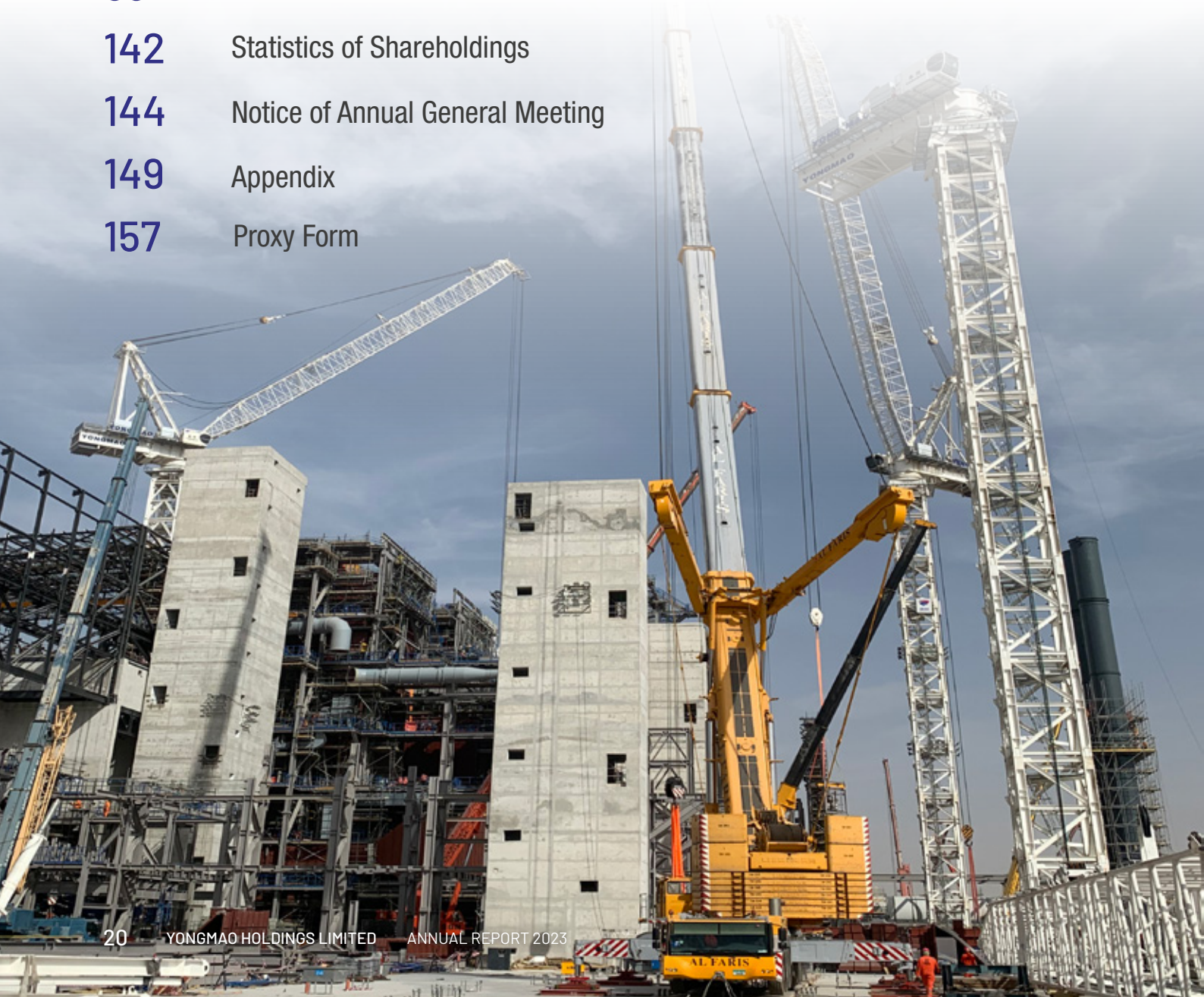
Business Sustainability	Responsible Operations	Employment and Workplace Safety	Environmental
Economic Performance	Procurement Practices	Workforce Diversity And Talent Retention	Materials and Wastes
	Anti-Corruption	Occupational Health and Safety	Resources Consumption and Emissions
			Climate Change

Our FY2023 Sustainability Report provides a comprehensive overview of the identified material topics, both qualitatively and quantitatively, with reference to the sustainability reporting framework outlined by the Global Reporting Initiative ("GRI Standards") in 2021. The Sustainability Report will be published separately in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B at the end of July 2023.



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CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) and the Management (the “**Management**”) of Yongmao Holdings Limited (the “**Company**”) recognise 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 Code of Corporate Governance 2018 (last amended 11 January 2023) (the “**Code**”) and accompanying Practice Guidance, undertaken with respect to each of the principles and guidelines; and the extent of its compliance with the Code. The Company has complied in all material aspects with the principles and guidelines set out in the Code and any deviations from the Code are explained in this report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Company is headed by an effective Board comprising seven Directors of whom three Executive Directors, one Non-Executive and Non-Independent Director and 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 assumes responsibility for stewardship of the Company and the Group, and is primarily responsible for the protection and enhancement of 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 Board also sets the tone for the Group where ethics and values are concerned.

Besides its statutory responsibilities, the Board also:

- Provides entrepreneurial leadership and guidance on the overall strategic direction, oversees the proper conduct of the business, performance and affairs of the Group and ensure that the necessary financial, human and operational resources are in place for the Company to meet its objectives;
- Oversees the processes of evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance;
- Ensures the Management discharges business leadership and management skills with the highest level of integrity;
- Approves major investment and divestment proposals, material acquisitions and disposal of assets, major corporate policies on key areas of operations, annual budget, the release of the Group’s half and full year financial results and interested person transactions of a material nature;
- Sets the Company’s values and standards to ensure the obligations to shareholders and others are understood and met;
- Assumes responsibility for corporate governance;
- Considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- Identifies the key stakeholder groups and recognises that their perceptions affect the Company’s reputation.

CORPORATE GOVERNANCE REPORT

Independent Judgement

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a semi-annually basis. All Directors exercise due diligence and independent judgment and are obliged to act in good faith and consider at all time the interest of the Company. The Directors have the appropriate core competencies and diversity of experience that enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary from the Board and the Management on matters relating to their area of responsibilities and actively help the Management in the development of strategic proposals and oversees the effective implementation by the Management to achieve the objectives set. The Board puts in place a code of conduct and ethics, sets desired organisational culture and ensures proper accountability within the Group.

Conflict of Interest

Every Director of the Company is required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction within the Group as soon as practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit the details of his/her associates for the purpose of monitoring interested person transactions. When there is conflict or potential conflict of interest, the concerned Directors shall, abstain from voting, and recuse themselves from discussion or decision making involving the issue of conflict and related matters.

Director Induction, Training and Development

The Company conducts briefing and orientation programs for new Directors to familiarise themselves with the Company's organisation and business structures, operations and governance policies. Upon appointment, each newly appointed Director will be briefed by the Chief Executive Officer ("**CEO**") and/or Senior Management of the Company on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as Directors. 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. New Directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulation and accounting standards are monitored closely by the Management. 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. The Independent Directors are also engaged full time in their respective profession and keep updated in their fields of knowledge. There is no new Director appointed during the financial year.

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. This is typically done on an annual basis.

New releases issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Accounting and Corporate Regulatory Authority ("**ACRA**"), which are relevant to the Directors are circulated to the Board. The Company Secretaries and/or their representatives 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 new and revised financial reporting standards annually.

The Company has an on-going budget for all Directors to attend appropriate courses, conferences, exhibitions, fairs 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.

The Company had arranged for all the Directors to undergo a one-time training on sustainability reporting. All Directors of the Company have attended and completed the sustainability training courses conducted by providers that represent different constituencies in the capital markets in FY2023.

CORPORATE GOVERNANCE REPORT

Matters Requiring Board Approval

The Company has adopted internal guidelines setting forth matters that require the Board's approval which has been clearly communicated to the Management. Matters that specifically require Board's approval are those involving annual plans, major funding and investment proposals, mergers and acquisition transactions, release of financial results announcements and any other announcements, appointment of Directors and key management personnel and all other matters of material importance. The Board will review the guidelines on a periodical basis to ensure their relevance to the operations of the Company.

The Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board. 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 the Board's approval.

Board Committees

The Directors recognise the importance of good corporate governance and in maintaining high standards of accountability to the 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 the Board Committees. The Board Committees consist of Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively “**Board Committees**”). These Board Committees are chaired by Independent Directors and operate within clearly written terms of reference and operating procedures, compositions, authorities and duties, including reporting back to the Board and play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees. The Chairman of the respective Board Committees will report to the Board on the outcome of the Board Committees' meetings and their recommendations on the specific agendas mandated to the Board Committees by the Board. Please refer to the relevant section in this report on the composition of the Board and Board Committees for FY2023.

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 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.

Presentations are also made by senior executives on performance of the Group's business and business strategies at the meetings. This allows the Board to have a good understanding of the Group's operations and be actively engaged in robust discussions with the Group's senior executives.

The Company's Constitution (the “**Constitution**”) provides for Directors to conduct meetings by tele-conferencing 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.

The agenda for meetings is prepared in consultation with the Executive Chairman and the Executive Directors and/or the Chairman of the Board Committees. The agenda and meeting materials are circulated to the Board and Board Committees in advance of the scheduled meetings.

The Directors are encouraged to make enquiries on any aspects of the Company's operations or business issues from the Management. The Executive Chairman or Non-Executive Deputy Chairman and CEO or the Company Secretaries will make the necessary arrangements for briefings, informal discussions or explanations, as and when required.

CORPORATE GOVERNANCE REPORT

During the financial year, the Board members had met four times. The number of meetings held by the Board and Board Committees and attendance of each board member at the meetings are disclosed in the table reflected below:

	Board Committees				Annual General Meeting
	Board	Audit Committee	Nominating Committee	Remuneration Committee	
No. of meetings held	4	4	1	1	1
Name of Director	No. of meetings attended				
Executive Directors					
Mr Sun Zhao Lin	0	–	–	–	0
Ms Tian Ruo Nan	0	–	–	–	0
Mr Sun Tian ¹	4	4*	1*	1*	1
Non-Executive Directors					
Mr Ng San Tiong	4	4*	1*	1*	1
Mr Chua Kee Lock	3	3	1	1	1
Mr Hoon Chee Wai	4	4	1	1	1
Dr Steve Lai Mun Fook	4	4	1	1	1

* By invitation

¹ Son of Sun Zhao Lin and Tian Ruo Nan and Alternate Director to Sun Zhao Lin

The Directors were appointed based on their experience, stature and potential contribution to the proper guidance of the Group and its business. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at board meetings and/or Board Committees meetings.

Despite some of the Directors having multiple board representations, the NC had reviewed the directorship of the Directors and is satisfied that these Directors are able to ensure that sufficient time and attention are given to the affairs of the Company and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company board representations and other principal commitments of these Directors.

Currently, the NC and Board do not limit the maximum number of listed board representations which any Director may hold, as long as each of the Board members is able to commit his/her time and attention to the affairs of the Company. The NC and Board believe that each individual Director is best placed to determine and ensure that he/she is able to devote sufficient time and attention to discharge his/her duties and responsibilities as a Director of the Company, having regard to his/her other commitments.

Access to Information

The Directors are provided with board papers and related materials, background or explanatory information in advance of each board meeting to enable them to be properly informed of matters to be discussed and/or approved, as well as ongoing reports relating to operational and financial performance of the Group. Directors are also informed of any significant developments or events relating to the Group. In addition, the Directors are provided with additional information as needed to make informed decisions to properly discharge their duties and responsibilities. Management ensures that any additional information requested is provided to the Directors in a timely manner.

CORPORATE GOVERNANCE REPORT

Independent Access to Management, the Company Secretaries and Other Professional Advisers

Board members have separate and independent access to Management and the Company Secretaries and where required, can obtain additional information to facilitate informed decision-making. Information provided includes background or explanatory materials related to matters to be reviewed and matters under review by the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. Any material variances between the projections and actual results in respect of budgets, is also disclosed and explained.

Minutes of all Board and Board Committee meetings which provide a fair and accurate record of the discussions and key deliberations and decisions taken during the meetings, are circulated and made available to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Company Secretaries and/or their representatives attend all meetings of the Board and Board Committees and assists in ensuring that relevant procedures are followed and reviewed such that the Board and Board Committees operate effectively. The decision to appoint or remove the Company Secretaries is made by the Board as a whole.

Should Directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company subject to the approval of the Board, will appoint a professional adviser to render advice at the cost of the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises seven Directors, three of whom are Independent and Non-Executive Directors (the “**Independent and Non-Executive Directors**”), one Non-Executive and Non-Independent Director and three Executive Directors. Majority of the Board is made up of Non-Executive Directors which is in compliance with Provision 2.3 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 as recommended by Provision 2.2 of the Code, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. There is no individual or small group of individuals that dominate the Board’s decision-making process and 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 NC will continue to review the board composition and size as and when the circumstances arise and make appropriate recommendations to the Board. The composition of the Board is as follows:

Executive Directors

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

Non-Executive Directors

Mr Ng San Tiong	Non-Executive Director and Deputy Chairman
Mr Chua Kee Lock	Lead Independent Director
Mr Hoon Chee Wai	Independent Director
Dr Steve Lai Mun Fook	Independent Director

The profiles of the Directors including their academic and professional qualifications, Board Committees served, directorships or chairmanships for present and past held over the preceding three years in other listed companies and other appointments are set out on pages 15 to 17 and pages 30 to 31 of this Annual Report.

CORPORATE GOVERNANCE 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 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.

The NC has adopted the criteria on an Independent Director given in Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual. All Directors are required to disclose any relationships or appointment which would impair their independence to the Board in a timely manner. The NC reviews annually the independence of each Director in accordance with the Code's definition of what element constitutes an Independent Director. The NC has reviewed the "Confirmation of Independence" forms completed by each Independent Director and is of the view that the three Independent 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 substantial shareholders with shareholdings of 5% 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 substantial shareholders with shareholdings of 5% or more in the voting shares of the Company.

None of the Independent and Non-Executive Directors and their immediate family member are a substantial shareholder of or partner in or an executive officer of or a Director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or materials services aggregated over any financial year in excess of S\$50,000 (to an individual) or S\$200,000 (to a firm), which may include auditing, banking, consulting and legal services, in the current or immediate past financial year.

Although Mr Chua Kee Lock and Dr Steve Lai Mun Fook have served on the Board for more than nine years from the date of their first appointments, the NC had rigorously reviewed their past contributions and there have been no changes to the circumstances since their previous declarations presented to the Company, and considered that they are independent in character and judgement and there was no circumstance which would likely affect or appear to affect their independent judgement. Mr Chua Kee Lock and Dr Steve Lai Mun Fook who have served the Board beyond nine years had sought their continued appointment as Independent Directors from the shareholders at the Annual General Meeting ("**AGM**") of the Company held on 28 July 2021.

The opinion was arrived at after careful assessment by the NC and the Board and the rigorous review comprised a review of, but not limited to, the following factors:

- a. The considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company.
- b. The attendance and active participation in the proceedings and decision making process of the Board and Board Committees' meetings.
- c. Provision of continuity and stability to the Management at the board level as the Independent Director has developed deep insight into the business of the Company and possesses experience and knowledge of the business over the years.
- d. Whether the Independent Director's qualification and expertise provide reasonable checks and balances on the Management.
- e. Whether the Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company, including whether he is adequately prepared, responsive and heavily involved in the discussions in meetings.
- f. Whether the Independent Director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.

CORPORATE GOVERNANCE REPORT

- g. Whether the Independent Director has led the Board Committees effectively in making independent and objective decisions.
- h. The abilities of Independent Director to continue exercising independent judgements in the best interests of the Company and to express their objectives and independent views during Board and Board Committees' meetings.

The NC with the concurrence of the Board has reviewed the suitability and assessed the independence of Mr Chua Kee Lock and Dr Steve Lai Mun Fook individually, and is satisfied that there are no relationships which would deem them not to be independent. Each member of the NC has abstained from participating in the discussion and voting on any resolution related to his independence.

Similarly, the NC has reviewed the independence status of Mr Hoon Chee Wai as the Independent Director for FY2023, and is satisfied that Mr Hoon Chee Wai is independent in accordance with Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of SGX-ST. As NC member, Mr Hoon Chee Wai has abstained from voting on any resolution in relation to his independence.

Rule 210(5)(d)(iii) of the Listing Rules of SGX-ST was removed on 11 January 2023. The Singapore Exchange Regulation will limit to nine years the tenure of independent director serving on the boards of listed issuers. As a transition, independent director whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer's next AGM to be held in 2024, for the financial year ending 31 March 2024. This will allow the Board and the NC a one-year time frame to search for a new replacement Independent Director.

Board Diversity

All Directors have 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 Committees' 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.

The Board has adopted a Board Diversity Policy on 3 February 2023 to assist the NC and the Board in identifying prospective candidates for directorship that meet the criteria as determined by the NC and that support the diversity's objectives. The Board Diversity Policy promotes the diversity among the Directors in order to improve performance and to avoid groupthink and foster constructive debate and ensure that composition is optimal to support the Group's needs in the short-term and long-term goals. The diversity includes the appropriate mix of complementary skills, business and industry experience, gender, age, ethnicity, geographic background, length of service and other distinctive qualities of the board members. The Company recognises that an effective Board requires Directors to possess not only integrity, commitment, relevant experiences, qualifications and skills in carrying out their duties effectively but also include right blend of skills, industry knowledge and diverse background towards promoting good corporate governance.

In concurrence with the NC, the Board is of the view that the current board members have the appropriate structure, size, diversity and composition to provide effective guidance and make decisions in the best interests of the Group. Currently, the Board comprises one female and six male Directors in the age group of his or her forties to seventies respectively. Each Director has been appointed based on the strength of his and her calibre, experience, grasp of corporate strategy and potential contribution to the Company and its business.

As the NC has assessed the current level of diversity on the Board to be satisfactory, the Company generally does not set concrete timeline for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity as an ongoing process. The targets to achieve diversity on the Board are assessed from time to time, based on the composition of the Board and operations of the Group at the relevant time.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiary, which is based in Singapore and overseas.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

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 and the Executive Chairman of the Company, 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 Executive 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 Secretaries, who act as facilitators at the board meetings, ensures the agenda items are adequately debated at board meetings and maintains regular dialogues with the CEO on operational matters. He also takes a leading role in promoting high standards of corporate governance.

The Board noted that Provision 3.1 of the Code requires the Chairman and CEO to be separate persons in order to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Ms Tian Ruo Nan, spouse of Mr Sun Zhao Lin, is holding the position as CEO of the Company. She is one of the founders of the Group and is responsible for and oversees the day-to-day operations of the Group. As the CEO, she is involved in the day-to-day business of the Group and leads Management in setting strategies, objectives and implementations and is also responsible for the development and financial performance of the Group.

All decisions made by the Board are subject to majority approval of the Board and are reviewed by the AC, whose members comprise of all Non-Executive and Independent Directors. The Executive Directors’ performance and remuneration are reviewed annually by the NC and RC respectively, whose members comprise of all Non-Executive and Independent Directors of the Company. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

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 the Lead Independent Director of the Company pursuant to the recommendation in Provision 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, or when contact through the normal channels to the Chairman, the CEO or the CFO is unsuccessful or inappropriate.

All the Independent Directors including the Lead Independent Director, meet at least once annually without the presence of the 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 with the current composition of the Board, it is able to make 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.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.*

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independence of each Director.

As at the date of this report, the NC comprises of three members, all of whom including the Chairman, are Independent Directors. The Lead Independent Director, Mr Chua Kee Lock is also a member of the NC:

Dr Steve Lai Mun Fook	Chairman
Mr Chua Kee Lock	Member
Mr Hoon Chee Wai	Member

In accordance with the definition in the Code, the Chairman of the NC has no relationship with the Company, its related corporations, its substantial shareholders with shareholdings of 5% or more in the voting shares of the Company or its officer that could interfere, or be reasonably perceived to interfere, with the exercise of his independent judgement in the best interest of the Company. The NC is established for the purposes of ensuring that there is a formal and transparent process for all board appointments. It has adopted written terms of reference defining its membership, administration and duties.

The NC meets at least once a year and at other times as required. The NC is regulated by its written 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 structure, size and composition of the Board 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, CEO and key management personnel;
- Determining the independence of Directors on an annual basis in accordance with Guideline 2.1 of the Code;
- Recommending Directors who are retiring by rotation to be put forward for re-election (including Alternate Director);
- 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 as a whole, its Board Committees and assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be carried out annually;

CORPORATE GOVERNANCE REPORT

- Deciding on how the Board's performance may be evaluated and propose objective performance criteria, subject to the approval of the Board, which allow for comparison with industry peers and which address how the Board has enhanced long-term shareholders' value;
- Reviewing the training and professional development programs for the Directors; and
- Reviewing and approving any new employment of related persons and the proposed terms of their employment.

Regulation 117 of the Constitution 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 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. Regulation 121 of the Constitution provides that additional Directors appointed during the year shall only hold office until the next AGM and shall be eligible for re-election at that AGM. The Board and the NC have developed a process of evaluation of performance of the Board and Board Committees through establishment of quantifiable performance criteria.

The NC has recommended and the Board has approved the NC's nomination of the retiring Directors who have given their consents for re-election at the forthcoming AGM of the Company. The retiring Directors are Mr Sun Zhao Lin, Mr Chua Kee Lock and Mr Hoon Chee Wai who will retire pursuant to Regulation 117 of the Constitution. Mr Chua Kee Lock, while eligible for re-election, has expressed his intention not to seek for re-election at the forthcoming AGM. Pursuant to the Rule 704(8) of the Listing Manual of the SGX-ST, the Company is in the process of sourcing for suitable candidate and shall endeavour to find the replacement of Mr Chua Kee Lock within two months, but in any case not later than three months from his date of cessation. Details of the Directors seeking re-election are found in Table A set out on pages 46 to 48 of this Annual Report.

Each of these Directors, being interested in the matter, had abstained from voting and making recommendation and/or participating in any deliberations in respect of his re-nomination as Director of the Company.

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

Name of Directors	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	Executive Director and Chairman	5 August 2005	28 July 2021	1. Tat Hong Equipment Services Co., Ltd	–
Ms Tian Ruo Nan	Executive Director and Chief Executive Officer	28 December 2007	26 July 2022	–	–
Mr Ng San Tiong	Non-Executive Director and Deputy Chairman	28 June 2007	26 July 2022	1. Tat Hong Equipment Services Co., Ltd 2. CSC Holdings Limited	1. Intraco Limited
Mr Sun Tian	Executive Director and Group General Manager	31 December 2005	26 July 2022	–	–

CORPORATE GOVERNANCE REPORT

Name of Directors	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 Chua Kee Lock	Lead Independent Director	28 December 2007	28 July 2021	1. Credit Bureau Asia Limited 2. Venture Corporation Limited 3. Vertex Technology Acquisition Corporation Ltd	1. Shenzhen Chipscreen Biosciences Limited
Mr Hoon Chee Wai	Independent Director	2 September 2019	18 September 2020	1. Kinergy Corporation Ltd	1. Intraco Limited 2. Tee International Limited
Dr Steve Lai Mun Fook	Independent Director	28 December 2007	28 July 2021	1. Intraco Limited 2. Vertex Technology Acquisition Corporation Ltd	–

The NC decides how the Board's performance is evaluated and proposes objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value. The Board also implemented a process to be carried out by the NC to evaluate the effectiveness of the Board as a whole and its Board Committees annually.

The NC has also adopted internal guidelines addressing the commitments that are faced when Directors serve on multiple boards. During the 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.

The Group has in place, policies and procedures for the appointment of new Directors, including the description on the search and nomination procedures. Where a vacancy arises, the NC will consider each candidate based on the selection criteria after consultation with the Board and taking into consideration the qualification, experience, ability to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval.

Candidates may be suggested by Directors and Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing board members, ability to commit the time and effort to carry out his/her responsibilities, good decision making track record, relevant business and management experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board appoints the most suitable candidates who must stand for election at the next AGM of shareholders.

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 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, the Executive Director and Chairman.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.*

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, its Board Committees and individual Directors annually.

The NC undertakes a process to assess the effectiveness of the Board as a whole, its Board Committees and individual Directors for FY2023. The appraisal parameters focus on evaluation of factors such as the size and composition of the Board and its Board 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 under review, each Director was required to complete the evaluation form and individual Director's assessments adopted by the NC for annual assessment on the overall effectiveness of the Board, its Board Committees and each Director's contributions, and the results have been collated by the Chairman of NC for review or discussion. The results of the individual, Board and Board Committees' assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration on the appropriate measures to be taken.

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/her attendance, preparedness, participation and contribution in the proceedings of the meetings.

The evaluation of Board's performance is conducted annually to identify areas of improvement and as a form of good board management practice. The last Board of Directors' evaluation was conducted on 29 May 2023 and the results have been presented to the NC for discussion. The NC is satisfied that the Board has been effective as a whole and that each Director has contributed to the effective functioning of the Board. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual Directors. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: *The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.*

As at the date of this report, the RC comprises of three members, all of whom including the Chairman are Independent Directors:

Mr Chua Kee Lock	Chairman
Mr Hoon Chee Wai	Member
Dr Steve Lai Mun Fook	Member

CORPORATE GOVERNANCE REPORT

The RC is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Director. The overriding principle is that no Director should be involved in deciding his/her own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC meets at least once a year and at other times as required. The RC is regulated by its written 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 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 7 and Provisions 7.1 to 7.3 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 Director's 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 RC has reviewed the framework of remuneration for the Directors and key management personnel, and has determined specific remuneration packages for the Executive Directors, as well as for the key management personnel. The recommendations of the RC are made in consultation with the Non-Executive Director and submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and key management personnel with those of shareholders by linking rewards to corporate and individual performance, as well as roles and responsibilities of each Director. The RC will also review the Group's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

The RC is knowledgeable in the field of executive compensation, in considering the remuneration of all Directors, has not sought external professional advice nor appointed independent remuneration consultants.

The Directors' fees to be paid to the Directors are subject to shareholders' approval at the forthcoming AGM for FY2023.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: *The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel 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 Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board.

The Non-Executive Directors receive Directors' fees in accordance with their level of contributions, taking into account the factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. Directors' fees are recommended by the RC and submitted to the Board for endorsement, subject for approval by the shareholders at the AGM of the Company. The Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised and no Director is involved in deciding his/her own remuneration.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily basic salary component and variable component which is inclusive of bonuses and other benefits. The RC has reviewed and approved the service agreements entered into with the three Executive Directors namely Mr Sun Zhao Lin, Ms Tian Ruo Nan and Mr Sun Tian unless otherwise terminated by either party giving not less than six months' notice in writing for Mr Sun Zhao Lin and Ms Tian Ruo Nan and three months' notice in writing for Mr Sun Tian.

Having reviewed and considered the variable component of the remuneration packages of the Executive Directors and key management personnel, which are moderate, the RC is of the view that the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. Therefore, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The Company currently has no employee share option scheme or other long-term incentive scheme in place. The RC will explore a suitable incentive plan/scheme as and when it deems necessary.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors or the CEO), in percentage terms showing the level and mix, for FY2023 falling within the bands of S\$250,000 is set out below:

Remuneration Band and Name	Fixed Salary	Variable Bonus	Directors' Fees	Total
	%	%	%	%
Directors				
<i>S\$500,001 to S\$750,000</i>				
Mr Sun Zhao Lin	67%	33%	–	100%
Ms Tian Ruo Nan	67%	33%	–	100%
<i>S\$250,001 to S\$500,000</i>				
Mr Sun Tian	63%	37%	–	100%
<i>S\$250,000 and below</i>				
Mr Ng San Tiong	–	–	100%	100%
Mr Chua Kee Lock	–	–	100%	100%
Mr Hoon Chee Wai	–	–	100%	100%
Dr Steve Lai Mun Fook	–	–	100%	100%
Key management personnel				
<i>S\$250,001 to S\$500,000</i>				
Mr Yap Soon Yong	74%	26%	–	100%
<i>S\$250,000 and below</i>				
Mr Liu Xiao Ming	86%	14%	–	100%
Mr Shi Yong ¹	79%	21%	–	100%
Ms Wang Lian	–	100%	–	100%
Mr Xu Guang Hui	77%	23%	–	100%
Mr Yu Hao Bo	68%	32%	–	100%

Note:

¹ Retired as Group Sales and Marketing Manager on 14 June 2023

CORPORATE GOVERNANCE REPORT

The aggregate total remuneration paid/accrued to the key management personnel (who are not Directors or the CEO) for FY2023 is approximately S\$677,000.

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 key management personnel was shown in bands of S\$250,000 due to the Company's concern over poaching of these executives by competitors.

Notwithstanding the deviation from Provision 8.1 of the Code, the Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Directors and the factors taken into account for the remuneration of the Non-Executive and Independent Directors. The Company has also disclosed the remuneration paid to each Director and key management personnel using percentage terms and remuneration bands, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and key management personnel will not be prejudicial to the interest of shareholders and complies with the intent of Provision 8.1 of the Code.

The RC has reviewed and approved the remuneration packages of the Executive Director and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Director and key management personnel are adequately but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which Executive Director's and key management personnel's entitlement to short-term and long-term incentive schemes and will make the necessary disclosures as and when it deems necessary.

The Board is 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 key management personnel.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 28 July 2023, for the payment of Directors' fees proposed for FY2023 amounting to an aggregate of S\$242,000.

Save for the retirement of Mr Shi Yong as Group Sales and Marketing Manager on 14 June 2023, there were no termination, retirement and post-employment or other long-term incentive granted to the Directors or key management personnel.

There is no employee of the Group who is a substantial shareholder of the Company, or an immediate family member of Directors, the CEO or a substantial shareholder of the Company and whose remuneration has exceeded S\$100,000 during FY2023.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis. The internal control and risk management functions are performed by the Group's key management personnel and reported to the AC for review.

CORPORATE GOVERNANCE REPORT

It should be noted, in the opinion of the Board, that such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board noted all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

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 half year and full year financial 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. 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.

The Board has also taken steps to ensure compliance with legislative and regulatory requirements. In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year review, the CEO and CFO have provided assurance to the Board on the integrity of the Group's financial statements.

The Directors and executive officers of the Company have provided undertakings of compliance with the requirements of the SGX in accordance with Rule 720(1) of the Listing Manual of SGX-ST.

It is the Board's policy to provide the shareholders with all important and price sensitive information on a timely basis. These are done through the SGXNet in the form of half-yearly announcements, or as and when necessary in order to discharge their duties effectively.

The Board, with assistance from the Enterprise Risk Management Committee ("**ERMC**") and the AC, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board 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 ERMC, which comprises of key management of the Group, was formed in year 2012 to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and enable accountability for its adequacy and effectiveness. The ERMC reports to the AC which, in turn, reports to the Board.

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. From year 2012 to year 2015, the Group has engaged an external consultant to assist in enhancing the ERM programme over the identification, prioritisation, assessment, management and monitoring of key risks. The Management continued to adopt the risk management framework established. Key risks identified are deliberated by key 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.

CORPORATE GOVERNANCE REPORT

For FY2023, the Board has received assurance from:

- (a) the CEO and CFO of the Company that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management systems and internal control systems in addressing financial, operational, compliance and information technology risks are operating effectively.

Based on the internal 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 FY2023 are adequate and effective.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

As at the date of this report, the AC comprises of three members, all of whom are Independent Directors:

Mr Hoon Chee Wai	Chairman
Mr Chua Kee Lock	Member
Dr Steve Lai Mun Fook	Member

The AC is established to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. 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.

The AC is governed by its terms of reference, which was reviewed and amended, where appropriate, to adopt relevant best practices set out in the Guidebook and the Code. The terms of reference is used as a reference to assist the AC in discharging its responsibilities and duties, which 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 the Management's response and evaluation of the Company's system of internal controls;
- Ensuring coordination where more than one audit firm is involved;
- Reviewing the semi-annual 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 announcements relating to the Company's financial performance;
- Discussing problems and concerns 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;

CORPORATE GOVERNANCE REPORT

- 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;
- Reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the audit functions are adequately resourced;
- Reviewing 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 and to set out a framework to resolve or mitigate 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;
- Determining the Company's level of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;
- 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.

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 and/or participating in any deliberations of the AC 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 key management personnel 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 FY2023 and is of the opinion that Chapter 9 of the Listing Manual of the SGX-ST has been complied.

For FY2023, 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 of the 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 paid/payable to the External Auditors for FY2023 would be S\$195,000.

CORPORATE GOVERNANCE REPORT

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all principal subsidiaries of the Company are audited by Messrs Foo Kon Tan LLP. All other foreign-incorporated subsidiaries are audited by suitable auditing firms for the purposes of the consolidated financial statements of the Group and audited by Messrs Foo Kon Tan LLP for consolidation purposes.

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 an annual basis. Messrs Foo Kon Tan LLP, the External Auditors of the Company, has confirmed that they are a Public Accounting Firm registered with 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, 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.

The AC had evaluated the performance of the External Auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the "Guidance to Audit Committee on Evaluation of Quality of Work performed by the External Auditors" such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, taking into account the size and complexity of the Group.

Changes to accounting standards and accounting issues which have a significant impact on the financial statements were reported to the AC, and highlighted by the External Auditors in their meetings with the AC. In line with the Provision 10.3 of the Code, no former partner or Director of the Company's existing auditing firm has acted as a member of the AC.

In the review of the financial statements, the AC has discussed with Management and the External Auditors the accounting principles that were applied and their judgment of items that might affect the true and fair view of the financial statements. In particular, the following key audit matters impacting the financial statements were discussed with Management and the External Auditors and were reviewed by the AC.

Key audit matters	How the AC reviewed these matters and what decisions were made
Impairment of trade receivables	The AC is regularly updated on the status of trade receivables and their aging. The collectability of long outstanding debts and the reasonableness of impairment provisions made were reviewed by the AC and the Management.
Revenue recognition on sale of manufactured tower cranes	The AC reviewed Management's approach and assessment of the internal controls over the recognition of revenue. The AC was satisfied that Management's approach and assessment of internal controls over revenue recognition were appropriate.

Whistle-Blowing Policy

The AC had reviewed, approved and implemented an independent 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 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. The whistle-blowing policies are designated to investigate whistleblowing reports made in good faith and ensures that the identity of the whistle-blower is kept confidential and the Group is committed to ensure protection of the whistle-blower against detrimental or unfair treatment. 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

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 Baker Tilly Consultancy (Singapore) Pte. Ltd., 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 Baker Tilly Consultancy (Singapore) Pte. Ltd. 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 Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the AC and Management, where necessary, and has the right to seek information and explanation.

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 to protect the fund and assets of the Group. The Internal Auditors also ensure that control procedures are complied, by assessing that 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 plans 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 the implementation of improvements on identified internal control weaknesses.

For FY2023, the AC met once with the Internal Auditors without the presence of the Management. The AC is of the opinion that Baker Tilly Consultancy (Singapore) Pte. Ltd. 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 has been (i) adequately resourced, (ii) staffed by suitably qualified and experienced professionals with the relevant experience and has the appropriate standing within the Group, and (iii) in accordance with the standards set by professional bodies. Baker Tilly Consultancy (Singapore) Pte. Ltd. has provided a confirmation on their independence to the AC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights, and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

All shareholders are treated fairly and equitably to facilitate their ownership rights to participate effectively in and vote at general meetings. Shareholders are also informed on the procedures for the poll voting at the general meetings. The Constitution allows a member of the Company, who is unable to attend the general meeting in person, to appoint up to two proxies to attend and vote at the meeting in place of the member.

The Company believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company under the Listing Manual of the SGX-ST and the Companies Act 1967. 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. Half yearly financial 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 forthcoming AGM will be held physically. The Board noted that there should be separate resolutions on each substantially separate issue that may be tabled at the general meeting. Notices of general meetings are announced via SGXNet within the mandatory period prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable), together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or at least 21 clear calendar days before the meeting for special resolutions, so as to enable shareholders to exercise their voting rights on an informed basis. The shareholders may download the Annual Report, notice of the general meetings and circulars (if any) from the Company's website at <http://www.yongmaoholdings.com/>. As part of the Group's commitment to conserve the environment, hard copies of Annual Reports shall only be sent to shareholders upon specific requests by them for it starting this year.

At the AGM, under usual circumstances, shareholders are given opportunities to express their views and the Board welcomes the views of shareholders who wish to raise issues concerning the Company, either informally or formally before or during these general meetings. The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the External Auditors are invited to attend the meeting to assist the Board in addressing any relevant queries raised by the shareholders relating to the conduct of the audit and the preparation of content of the auditors' report.

In the usual circumstances, the Constitution allows corporations and members of the Company to appoint one or two proxies to attend and vote at general meetings. A relevant intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

The Constitution does not allow for absentia voting methods such as voting via mail, email or fax, until security, integrity and other pertinent issues are satisfactorily resolved.

For greater transparency and fairness in the voting process, voting at shareholders' meetings were conducted by poll since 2013. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. The voting results of all votes cast for or against each resolution is announced at the meeting and broadcasted via SGXNet after the meeting.

The Company prepares minutes of general meetings incorporating the substantial and relevant queries from shareholders that is relevant to the agenda of the meeting and responses from the Board and the Management. These minutes are available to shareholders upon their request and will be available on the Company's website at <http://www.yongmaoholdings.com/>. Pursuant to Practice Note 7.5 of the Listing Manual of the SGX-ST, the Company will be publishing the minutes within one month after the AGM on SGXNet.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend paid will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Although declaring and recommending dividend is not fixed, the Board of Directors' policy is to recommend dividend consistent with the Company's objective, *inter alia* of maximising shareholders' value. The Board will carefully consider and evaluate the aforementioned before proposing any dividend.

In compliance with Rule 704(24) of the Listing Manual of the SGX-ST, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements, in the event that the Board decides not to declare or recommend a dividend.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12: *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication. The Board acknowledges that the Company has to fulfill its obligation to furnish timely and material information to shareholders and to ensure full and appropriate disclosure of such information is made for complying with statutory requirements, as well as rules prescribed under the Listing Manual of SGX-ST. Any price sensitive information will be publicly released in a timely manner through SGXNet.

The Company does not have a dedicated investor relations team. However, the Company's CEO and CFO are responsible for the Company's communication with shareholders. The Board also acknowledges its obligation to furnish timely information to shareholders and ensure that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made. Any price sensitive information will be publicly released on SGXNet first before being announced to any group of investors or analysts.

Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board acknowledges its obligation to furnish timely information to shareholders and ensures that full disclosure of material information in its Annual Report to comply with statutory requirements and the Listing Manual of the SGX-ST is made. By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company focuses on facilitating the communications with all stakeholders, shareholders, analysts and social media on a regular basis, attending to their queries or concerns, as well as keeping the investors publicly apprised of the Group's corporate developments and financial performance.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified and engaged its material stakeholder groups as customers, constructors, suppliers, employees, landlords, investors, social media, government, institutions and the communities.

In addition to the Company's material stakeholders, sustainability efforts (including its strategy and key areas of focus) and performance can be found in the Company's sustainability report. This is to keep the stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and a sustainable development of the global economy.

To keep all stakeholders of the Company updated, the Company maintains on its corporate website the latest announcements, press releases and stock details of the Company. Stakeholders have 24-hour access to the Company's website at <http://www.yongmaoholdings.com/>.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

The Group has adopted its Code of Best Practices on dealing in securities by setting out the implications of insider trading and its regulations with regard to dealing 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 dealing 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 the Company's securities. The Company and its officers and employees are advised not to deal in the Company's securities during the period commencing one month immediately preceding the announcement of the Company's semi-annually financial results and 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.

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 FY2023 and noted that the transactions have been conducted in accordance with the IPT Mandate obtained at the Company's AGM held on 26 July 2022 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 FY2023:

Name of interested person	Nature of relationship	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/rental income charged to		RMB'000	RMB'000
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械租赁有限公司)	Related Corporation of a Substantial Shareholder	–	7,241
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	Related Corporation of a Substantial Shareholder	–	29,938
Jiangsu Zhongjian Tat Hong Equipment Rental Co., Ltd. (江苏众建达丰机械租赁有限公司)	Related Corporation of a Substantial Shareholder	–	8,145

CORPORATE GOVERNANCE REPORT

Name of interested person	Nature of relationship	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/rental income charged to		RMB'000	RMB'000
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	Associate of the Controlling Shareholder	9,702	–
Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限责任公司)	Associate of the Controlling Shareholder	1,232	–
Purchases from			
Fushun Yongmao Industry and Trade Co., Ltd. (抚顺市永茂工贸发展有限公司)	Associate of the Controlling Shareholder	–	746
Rental fee charged by			
Fushun Yongmao Engineering Machinery Co., Ltd. (抚顺永茂工程机械有限公司)	Associate of the Controlling Shareholder	5,505	–
Sun & Tian Investment Pte. Ltd.	Ultimate Holdings Company	510	–
Sun Tian	Director of the Company	809	–
Other expenses charged by			
Beijing Weiteng Special Purpose Auto Co., Ltd. (北京威腾专用汽车有限责任公司)	Associate of the Controlling Shareholder	1,330	–

The current IPT Mandate will be expiring on 28 July 2023, 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 28 July 2023 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 FY2023.

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 the annual review of 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 63 to 141.

TABLE A – INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:

Name of Director	Sun Zhao Lin	Hoon Chee Wai
Date of appointment	5 August 2005	2 September 2019
Date of last re-election	28 July 2021	18 September 2020
Age	67	55
Country of principal residence	The People Republic of China	Singapore
The Board's comments on this re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Sun Zhao Lin's performance as Executive Chairman and Executive Director.	The Board has accepted the NC's recommendation, who has reviewed and considered Mr Hoon Chee Wai's performance as Non-Executive and Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. The Board considers Mr Hoon Chee Wai to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Executive, responsible for the formulation and execution of overall business strategy and policies and future direction as well as the overall management of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc)	Executive Chairman and Executive Director	Non-Executive and Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.
Professional qualifications	Mr Sun Zhao Lin graduated from Liaoning Correspondence Party School in 1998 having majored in Economics. In 2005, he was awarded the Professional Certificate of Specialty and Technology (Senior Engineer) from Liaoning Provincial Personnel Department.	Mr Hoon Chee Wai graduated from Nanyang Technological University with Bachelor of Accountancy.

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Name of Director	Sun Zhao Lin	Hoon Chee Wai
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Spouse of Ms Tian Ruo Nan (Executive Director and Chief Executive Officer) and father of Mr Sun Tian (Executive Director and Group General Manager)	None
Conflict of interest (including any competing business)	None	None
Working experience and occupation(s) during the past 10 years	Mr Sun Zhao Lin is the Executive Chairman and Executive Director of Yongmao Holdings Limited, he is one of the co-founder of the Group.	Mr Hoon Chee Wai has been a corporate finance and investment banker in various regional financial institutions in Singapore where he was involved in numerous initial public offerings on the Stock Exchange of Singapore, equity and debt fund raising exercises for publicly listed companies from the capital markets as well as financial advisory on mergers, acquisitions, joint ventures and corporate restructuring. From 2012 to 2016, he became the senior vice president of the corporate development department of a hospitality, leisure and entertainment group that is listed on the Mainboard of the Stock Exchange of Singapore, where he was primarily responsible for the corporate development, investments and investors' relations activities of the group. From 2017 to 2020, Mr Hoon Chee Wai was the senior vice president of a real estate developer and operator of integrated leisure and entertainment resorts that is listed on the Mainboard of the Stock Exchange in Hong Kong. His main responsibility is leading and overseeing the finance, corporate development, investments and investors' and media relations activities in the group. He is currently the Chief Operating Officer of a mainboard listed company on the Stock Exchange of Singapore.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Mr Sun Zhao Lin is deemed to be interested in 50,942,870 shares of Yongmao Holdings Limited by virtue of the shares held by Sun & Tian Investment Pte. Ltd..	Mr Hoon Chee Wai does not hold any shares in Yongmao Holdings Limited and its subsidiaries.

CORPORATE GOVERNANCE REPORT

Name of Director	Sun Zhao Lin	Hoon Chee Wai
<p>Other Principal Commitments* Including Directorships#</p> <p>* “Principal Commitments” has the same meaning as defined in the Code</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>	<p><u>Past (for the last 5 years)</u></p> <p>Nil</p> <p><u>Present</u></p> <ol style="list-style-type: none"> 1. Sun & Tian Investment Pte. Ltd. 2. Yongmao Machinery Pte. Ltd. 3. Fushun Yongmao Construction Machinery Co., Ltd. 4. Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. 5. Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (Fushun Branch) 6. Beijing Yongmao Cultural Development Co., Ltd. 7. Fushun Yongmao Industry and Trade Co., Ltd. 8. Fushun Yongmao Industry Group Co., Ltd. 9. Fushun Yongmao Engineering Machinery Co., Ltd. 10. Beijing Weiteng Special Purpose Auto Co., Ltd. 11. Shanghai Zhaomao Engineering Machinery Co., Ltd. 12. Shanghai Tat Hong Equipment Rental Co., Ltd. 13. Jiangsu Zhongjian Tathong Equipment Rental Co., Ltd. 14. China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. 15. Jiangsu Hengxingmao Financial Leasing Co., Ltd. 16. Tat Hong Zhaomao Investment Co., Ltd. 17. Tat Hong Equipment Service Co., Ltd. 	<p><u>Past (for the last 5 years)</u></p> <ol style="list-style-type: none"> 1. Tee International Limited 2. Intraco Limited (Director) 3. Landing Resorts Philippines Development Corporation 4. The Property Market Pte. Ltd. 5. Dajoga Consulting Ltd <p><u>Present</u></p> <ol style="list-style-type: none"> 1. Kinergy Corporation Ltd. 2. Intraco Limited (COO) 3. K.A. Group Holdings Pte. Ltd. 4. K.A. Building Construction Pte. Ltd. 5. K.A. Fireproofing Pte. Ltd. 6. K.A. Fabric Shutters Pte. Ltd. 7. K.A. FireLite Pte. Ltd. 8. K.A. Vermiculite Spray Sdn. Bhd. 9. MJF Capital Pte. Ltd. 10. Provenance Treasures Pte. Ltd. 11. Taurus Point Capital Pte. Ltd. 12. Tat Hong Intraco Pte. Ltd.

The retiring Directors have responded negative to items (a) to (k) listed in Rule 720(6) of the Listing Rules of SGX-ST.

DIRECTORS' STATEMENT

The directors are pleased to submit this annual report to the members together with the consolidated financial statements of the Group for the financial year ended 31 March 2023 and the statement of financial position of the Company as at 31 March 2023.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Sun Zhao Lin
Sun Tian (also alternate to Sun Zhao Lin)
Tian Ruo Nan
Ng San Tiong
Chua Kee Lock
Hoon Chee Wai
Dr Steve Lai Mun Fook

Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, 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 or nominee		Holdings in which a director is deemed to have an interest	
	As at 1.4.2022	As at 31.3.2023	As at 1.4.2022	As at 31.3.2023
The Company - <u>Yongmao Holdings Limited</u> (Number of ordinary shares)				
Sun Tian	841,900	841,900	–	–
Sun Zhao Lin	–	–	50,942,870	50,942,870
Tian Ruo Nan	66,600	66,600	50,942,870	50,942,870
Ng San Tiong	–	–	21,253,153	21,253,153

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (Cont'd)

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
	As at 1.4.2022	As at 31.3.2023	As at 1.4.2022	As at 31.3.2023
The immediate and ultimate holding company - <u>Sun & Tian Investment Pte. Ltd.</u> (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 2023.

Messrs Sun Zhao Lin and Tian Ruo Nan, by virtue of the provisions of Section 7 of the Act, 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..

Share options

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

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 any subsidiary.

There were no unissued shares of the Company or any 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:

Hoon Chee Wai (Chairman)
Chua Kee Lock
Dr Steve Lai Mun Fook

All members of the Audit Committee are non-executive and independent directors.

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX") Listing Manual 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;
- (ii) it met with the Company's internal 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 via reviews carried out by the internal auditors and risk management system via reviews carried out by the Enterprise Risk Management Committee;
- (iii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

Audit committee (Cont'd)

- (iv) 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 2023 as well as the independent auditor's report thereon; and
- (v) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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.

Full details regarding the Audit Committee are provided in the "Corporate Governance Report" section of the annual report.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

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

On behalf of the Directors

TIAN RUO NAN

SUN TIAN

Dated: 28 June 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Yongmao Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yongmao Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our responses and work performed
<p>Impairment of trade receivables</p> <p>As at 31 March 2023, the Group has trade receivables of RMB533,513,000 (2022 - RMB499,415,000) (Note 9 and 12) which represented approximately 54% (2022 - 56%) of the net assets of the Group.</p> <p>Trade receivables arise mainly from manufacturing sale, rental and servicing of tower cranes and construction machinery and related components.</p> <p>The Group is subject to credit risk with significant judgement and accounting estimates used in determining the recoverability and expected credit losses ('ECL') of trade and other receivables as disclosed in Note 2(a) to the financial statements.</p>	<p>Our procedures are designed to challenge the impairment assessment of trade receivables. These procedures included, amongst others:</p> <ul style="list-style-type: none">- we discussed with management regarding the level and ageing of receivables and recoverability of amounts due from customers, along with the consistency and appropriateness of receivables and recoverability of amounts due from customers by assessing recoverability with reference to cash received. In addition, we considered the Group's previous experience of bad debt exposure and the individual counterparty credit risk in compliance with SFRS(I) 9 simplified impairment approach;- we assessed the recoverability of overdue unprovided debt with reference to the historical levels of bad debt expense and credit profile of the counterparties;- we obtained an understanding of the key data and assumptions adopted by the management in the ECL model, including the basis of segmentation of the trade debtors based on the shared credit risk characteristics, historical default data, and the assumptions involved in management's estimated loss rates;

INDEPENDENT AUDITORS' REPORT

To the Members of Yongmao Holdings Limited

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
<p>Impairment of trade receivables (Cont'd)</p> <p>We have identified impairment of trade receivables as a Key Audit Matter as it involved significant judgements and accounting estimates in the evaluation of the collectability of trade receivables by management.</p>	<p>Our procedures are designed to challenge the impairment assessment of trade receivables. These procedures included, amongst others: (Cont'd)</p> <ul style="list-style-type: none"> - we assessed the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; - we obtained evidence of cash receipts during the year and subsequent to the year end, noting the level of account activity with customers, reviewed the past history of recovery and correspondences and/or agreements with customers to settle their outstanding balances; - we evaluated the credit terms and credit quality of certain customers, particularly those that are significantly overdue including a review of correspondences and/or plans by the Group to recover the outstanding customer balances; - we considered the consistency of judgements regarding the recoverability of trade receivables made year on year through discussion with management on their rationale and obtaining evidence to support judgement areas; - we corroborated management's own impairment assessment against the collectability of individually significant receivables as set out in our audit thresholds including those that are individually insignificant but considered material in aggregate through analytical procedures and tested the accuracy of ageing of customers' balances; and - we considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. <p>We have concurred with management's assessment on the basis to which the ECL has been applied.</p> <p>Please refer to Notes 2(a), 9, 12 and 31.3 to the financial statements.</p>

INDEPENDENT AUDITORS' REPORT

To the Members of Yongmao Holdings Limited

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
<p>Revenue recognition on sale of manufactured tower cranes</p> <p>The Group's revenue is principally derived from the sale of manufactured tower cranes to numerous customers.</p> <p>Revenue of manufactured tower cranes is recognised when the Group satisfies the performance obligation by transferring the control over products promised in the contract with customer, which is the point of time when a customer accepts the machinery and signs on the goods delivery note.</p> <p>Sales of manufactured tower cranes contributed approximately 63% (2022 - 71%) of the Group's revenue for the year ended 31 March 2023.</p> <p>We have identified revenue recognition on sale of manufactured tower cranes as a key audit matter under SSA 240 <i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>, and also because the Group's construction machinery has a variety of sales models and payment methods, including long-term payment, which is more susceptible to misstatement.</p>	<p>Our procedures are designed to assess the recognition of revenue of manufactured tower cranes. These procedures included, amongst others:</p> <ul style="list-style-type: none"> - we reviewed and evaluated the appropriateness of accounting policy for revenue recognition as to whether the performance obligations are satisfied at a point in time or over time; - we performed walkthrough of the revenue process and tested the design, implementation and operating effectiveness of internal controls in relation to revenue recognition from sales of manufactured tower cranes; - we performed tests of details on selected revenue transactions against underlying documentation including shipping documents, sales invoices, customer acknowledgment and receipts; - we inspected key customer contracts to identify performance obligations and terms and conditions relating to goods acceptance and the right of return; - we assessed whether revenue is recognised when a performance obligation is satisfied with reference to the requirements of the prevailing accounting standards; - we verified selected revenue transactions to goods delivery notes, online courier tracking record, bill of lading, customer acknowledgement and receipts to assess whether the related revenue was recognised in accordance with the Group's revenue accounting policy; - we performed revenue analytical procedures including applying data analytics on revenue by customers and comparing sales and cost of sales by tower crane model; and - we performed detailed cut-off procedures on revenue to assess whether the related revenue had been recognised in the appropriate financial period. <p>Please refer to Notes 2(a), 20 and 32 to the financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

To the Members of Yongmao Holdings Limited

Other Information (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Directors 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 Act and SFRS(I), 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

To the Members of Yongmao Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Boon Chye.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 28 June 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Note	The Company		The Group	
		31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
ASSETS					
Non-Current					
Property, plant and equipment	4	–	–	574,277	526,733
Intangible assets	5	–	–	–	–
Subsidiaries	6	344,363	344,363	–	–
Financial assets, at FVOCI	7	110,442	86,093	110,442	86,093
Investment in an associate	8	–	–	196	834
Deferred tax assets	10	–	–	32,668	28,188
		454,805	430,456	717,583	641,848
Current					
Inventories	11	–	–	416,330	376,139
Trade and other receivables	9	276	205	603,727	613,527
Amounts owing by subsidiaries	6	27,276	33,691	–	–
Amounts owing by related parties	12	–	–	46,765	27,576
Cash and cash equivalents	14	6,071	1,812	249,795	198,490
		33,623	35,708	1,316,617	1,215,732
Total assets		488,428	466,164	2,034,200	1,857,580
EQUITY					
Capital and Reserves					
Share capital	15	312,484	312,484	312,484	312,484
Reserves	16	170,865	148,638	598,701	513,485
Equity attributable to equity holders of the Company					
		483,349	461,122	911,185	825,969
Non-controlling interests		–	–	76,979	64,172
Total equity		483,349	461,122	988,164	890,141
LIABILITIES					
Non-Current					
Borrowings	17	–	–	3,256	10,519
Deferred capital grants	18	–	–	8,855	9,084
Deferred tax liabilities	10	–	9	46,950	36,683
Trade and other payables	19	–	–	11,123	12,468
		–	9	70,184	68,754
Current					
Trade and other payables	19	5,072	5,008	620,002	582,261
Borrowings	17	–	–	338,138	298,531
Deferred capital grants	18	–	–	229	229
Amounts owing to/advances from related parties	12	–	–	12,651	7,594
Amounts owing to a corporate shareholder of a subsidiary	13	–	–	1,703	1,579
Current tax payable		7	25	3,129	8,491
		5,079	5,033	975,852	898,685
Total liabilities		5,079	5,042	1,046,036	967,439
Total equity and liabilities		488,428	466,164	2,034,200	1,857,580

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

For the financial year ended 31 March 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	20	915,716	1,111,308
Cost of sales		(661,696)	(803,845)
Gross profit		254,020	307,463
Other income	21(a)	15,864	14,480
Allowance for expected credit loss, net	9, 12.1	(12,071)	(11,433)
Distribution costs	21(b)	(97,859)	(125,408)
Administrative expenses	21(c)	(84,951)	(82,719)
Other operating income/(expenses)	21(d)	10,999	(7,671)
Finance costs	21(e)	(17,348)	(17,008)
Share of results of an associate, net of tax	8	(638)	(406)
Profit before taxation	22	68,016	77,298
Taxation	23	(8,983)	(12,603)
Profit for the year		59,033	64,695
Other comprehensive income/(expense) after tax:	24		
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange translation difference			
- foreign operations		13,878	(5,621)
		13,878	(5,621)
<u>Items that cannot be reclassified subsequently to profit or loss:</u>			
Fair value profit/(loss) on financial assets, FVOCI	7	24,349	(21,978)
Exchange translation difference			
- foreign operations		5,080	(2,435)
		29,429	(24,413)
Total other comprehensive income/(expense) after tax		43,307	(30,034)
Total comprehensive income for the year, net of tax		102,340	34,661
Profit attributable to:			
Equity holders of the Company		51,306	55,297
Non-controlling interests		7,727	9,398
		59,033	64,695
Total comprehensive income attributable to:			
Equity holders of the Company		89,533	27,698
Non-controlling interests		12,807	6,963
		102,340	34,661
		RMB cents	RMB cents
Earnings per share	26		
- basic		57.8	62.3
- diluted		57.8	62.3

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Company	Non-controlling interests	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 April 2021	312,484	(26,769)	78,632	29,396	406,961	1,830	802,534	57,209	859,743
Profit for the year	-	-	-	-	55,297	-	55,297	9,398	64,695
Other comprehensive expense for the year	-	-	-	(21,978)	-	(5,621)	(27,599)	(2,435)	(30,034)
24									
Total comprehensive (expense)/income for the year	-	-	-	(21,978)	55,297	(5,621)	27,698	6,963	34,661
Dividends	-	-	-	-	(4,263)	-	(4,263)	-	(4,263)
29									
Total transaction with owners, recognised directly to equity	-	-	-	-	(4,263)	-	(4,263)	-	(4,263)
Transfer to statutory common reserve	-	-	7,190	-	(7,190)	-	-	-	-
Balance as at 31 March 2022	312,484	(26,769)	85,822	7,418	450,805	(3,791)	825,969	64,172	890,141
Profit for the year	-	-	-	-	51,306	-	51,306	7,727	59,033
Other comprehensive income for the year	-	-	-	24,349	-	13,878	38,227	5,080	43,307
24									
Total comprehensive income for the year	-	-	-	24,349	51,306	13,878	89,533	12,807	102,340
Dividends	-	-	-	-	(4,317)	-	(4,317)	-	(4,317)
29									
Total transaction with owners, recognised directly to equity	-	-	-	-	(4,317)	-	(4,317)	-	(4,317)
Transfer to statutory common reserve	-	-	3,085	-	(3,085)	-	-	-	-
Balance as at 31 March 2023	312,484	(26,769)	88,907	31,767	494,709	10,087	911,185	76,979	988,164

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	Note	2023 RMB'000	2022 RMB'000
Cash Flows from Operating Activities			
Profit before taxation		68,016	77,298
Adjustments for:			
Share of results of an associate	8	638	406
Amortisation of deferred capital grants	18	(229)	(229)
Depreciation of property, plant and equipment	4	82,688	70,117
Gain on disposal of property, plant and equipment, net	22	(812)	(201)
Property, plant and equipment written off	21(d)	1,791	26
Allowance for expected credit loss, net	9,12.1	12,071	11,433
Reversal of provision for obsolete and slow-moving inventories, net	11	(2,070)	(252)
Reversal of over-accrual of housing fund contribution	19	(1,200)	(1,220)
(Reversal of)/provision for warranty	19	(185)	630
Dividend income from investment	21(a)	–	(1,378)
Interest expense	21(e)	17,348	17,008
Interest income	21(a)	(2,764)	(752)
Operating profit before working capital changes		175,292	172,886
Increase in inventories (Note A)		(132,810)	(36,130)
Decrease in operating receivables		(2,216)	(23,042)
Increase/(decrease) in operating payables		25,447	(4,117)
Cash generated from operations		65,713	109,597
Interest paid		(17,979)	(14,578)
Tax paid		(12,947)	(13,386)
Net cash generated from operating activities		34,787	81,633
Cash Flows from Investing Activities			
Investment in an associated company	8	–	(1,240)
Acquisition of property, plant and equipment (Note B)		(10,538)	(18,682)
Proceeds from disposal of property, plant and equipment		840	2,012
Dividend received from investment		–	1,378
Interest received		2,693	752
Net cash used in investing activities		(7,005)	(15,780)
Cash Flows from Financing Activities			
Proceeds from bank loans		341,417	311,567
Proceeds from hire purchase with financial institutions		21,437	40,661
Repayment of bank loans		(310,004)	(306,159)
Repayment of hire purchase with financial institutions		(18,979)	(6,001)
Additions from lease liabilities		386	–
Repayment of principal portion of lease liabilities		(6,368)	(5,821)
Repayment of loan from a third party		(10,749)	–
Restricted bank balances		10,790	3,121
Repayment to a director		–	(10,000)
Dividends paid to equity holders of the Company	29	(4,317)	(4,263)
Net cash generated from financing activities		23,613	23,105
Net increase in cash and cash equivalents		51,395	88,958
Cash and cash equivalents as at beginning of year		153,472	66,285
Exchange differences on translation of cash and cash equivalents as at beginning of year		10,700	(1,771)
Cash and cash equivalents as at end of year	14	215,567	153,472

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

Note:

A. Increase in inventories

Included in increase in inventories were tower cranes and tower crane components and accessories that were self-constructed amounting to RMB135,237,000 (2022 - RMB179,103,000) (Note 4) which were held for rental purposes and have been presented under operating activities in accordance with SFRS(I) 1-7 *Statement of Cash Flows*.

B. Acquisition of property, plant and equipment

During the financial year ended 31 March 2023, the Group acquired property, plant and equipment with an aggregate cost of RMB9,756,000 (2022 - RMB18,654,000) and right of use assets additions of RMB421,000 (2022 - RMB12,467,000). As at 31 March 2023, there were amount outstanding of RMB96,000 (2022 - RMB386,000) (Note 19) and down-payments of RMB149,000 (2022 - RMB78,000) (Note 9) owing/made to suppliers of property, plant and equipment. Cash payment of RMB10,538,000 (2022 - RMB18,682,000) were made to purchase property, plant and equipment.

C. Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	1 April 2022 RMB'000	Cash flows		Non-cash movements		31 March 2023 RMB'000
		Additions RMB'000	Repayments RMB'000	New leases RMB'000	Exchange difference RMB'000	
Bank loans	252,324	341,417	(310,004)	–	(6)	283,731
Hire purchase with financial institutions	44,614	21,437	(18,979)	–	3,563	50,635
Lease liabilities	12,112	386	(6,368)	–	898	7,028
Borrowings	309,050	363,240	(335,351)	–	4,455	341,394
Restricted bank balance	(45,018)	–	10,790	–	–	(34,228)
Amount owing to related parties (Note 12.2)						
- Non-trade	5,272	–	–	–	542	5,814
	5,272	–	–	–	542	5,814
Amount owing to a corporate shareholder of subsidiary (Note 13.1)						
- Loan	1,579	–	–	–	124	1,703
	1,579	–	–	–	124	1,703
Loan from a third party	10,749	–	(10,749)	–	–	–

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

C. Reconciliation of liabilities arising from financing activities (Cont'd)

	1 April 2021 RMB'000	Cash flows		Non-cash movements		31 March 2022 RMB'000
		Additions RMB'000	Repayments RMB'000	New leases RMB'000	Exchange difference RMB'000	
Bank loans	247,032	311,567	(306,159)	–	(116)	252,324
Hire purchase with financial institutions	10,875	40,661	(6,001)	–	(921)	44,614
Lease liabilities	5,774	–	(5,821)	12,467	(308)	12,112
Borrowings	263,681	352,228	(317,981)	12,467	(1,345)	309,050
Restricted bank balance	(48,139)	–	3,121	–	–	(45,018)
Amount owing to related parties (Note 12.2)						
- Non-trade	5,485	–	–	–	(213)	5,272
	5,485	–	–	–	(213)	5,272
Amount owing to a corporate shareholder of subsidiary (Note 13.1)						
- Loan	1,644	–	–	–	(65)	1,579
	1,644	–	–	–	(65)	1,579
Loan from a third party	10,749	–	–	–	–	10,749
Advances from a director of the company	10,000	–	(10,000)	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

1 General information

The financial statements of the Company and of the Group for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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 6 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 International ("SFRS(I)"). 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"). All financial information is presented in Renminbi, unless otherwise stated.

Significant judgements and accounting estimates

The preparation of the financial statements in accordance with this basis of preparation 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 revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below:

Significant judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amount recognised in the financial statements:

Transfer of inventories to/from property, plant and equipment (Note 4)

The Group reviews the recognition of its self-constructed assets and reclassifies inventories of tower cranes to property, plant and equipment when tower cranes are used and held for rental and are expected to be rented for more than one accounting period and transferred to inventories when they cease to be rented and become held for resale. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale are cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

Significant judgements in applying accounting policies (Cont'd)

Determining the lease term

The lease liabilities are initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operations. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

Income tax (Note 23)

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.

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.

Critical accounting estimates and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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:

Useful lives of buildings and plant structure and plant and machinery (Note 4)

Buildings and plant structure and plant and machinery are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these assets to be 1 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's buildings and plant structure and plant and machinery at the end of the reporting period is disclosed in Note 4 to the financial statements.

If the actual useful lives of buildings and plant structure and plant and machinery differ by 10% from management's estimates, the carrying amount of the Group's buildings and plant structure and plant and machinery will be approximately RMB8,138,000 (2022 - RMB6,828,000) lower and RMB6,658,000 (2022 - RMB5,587,000) higher.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

Allowance for obsolete and slow-moving inventories (Note 11)

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 decreases by 1% from management's estimates, the Group's profit before taxation will decrease by RMB4,200,000 (2022 - RMB3,800,000).

A 10% increase in the price of steel for the financial year ended 31 March 2023 would have the effect of decreasing the Group's profit before taxation by RMB18,957,000 (2022 - RMB16,757,000) 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.

A 10% decrease in the price of steel for the financial year ended 31 March 2023 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

Determining the appropriate rate to discount lease payments

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset to the right-of-use asset in a similar economic environment.

The Group estimates the IBR relevant to each lease by using observable inputs such as market interest rate and asset yield, where available, and making certain lessee specific adjustments relevant to the Group.

An increase/decrease of 1% in the estimated IBR will decrease/increase the Group's right-of-use assets and lease liabilities by approximately RMB83,000 and RMB66,000 (2022 - RMB335,000 and RMB113,000) respectively.

Impairment of financial assets (Notes 6.1, 9, 12.1 and 14)

As at 31 March 2023, the expected credit losses model ("ECL") has been updated by reflecting the latest available macroeconomic outlook and unemployment rate in PRC is identified as the key indicator and a relevant input.

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

Impairment of financial assets (Notes 6.1, 9, 12.1 and 14) (Cont'd)

For non-trade receivables, the Group and the Company apply the general approach to determine ECL. ECL is measured as an allowance equal to 12-month ECL for stage-1 (low credit risk) assets, or lifetime ECL for stage-2 (deterioration in credit risk) or stage-3 (credit impaired) assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative, reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

Accordingly, management has adopted different approaches in measuring expected credit loss across for trade receivables. A loss allowance of RMB12,071,000 (2022 - RMB11,433,000) for trade receivables was recognised during the year (Note 9 and Note 12.1).

The information about the ECLs on the Group's trade receivables is disclosed in Note 31.3 to the financial statements.

The Group has provided expected credit loss on past due trade receivables where:

- (a) there is no credit impair to be expected, a percentage has been applied to the debt on a general basis.
- (b) there is a credit impair expected, a percentage has been applied to the specific debt if doubtful on the basis to the extent of the probability of default.
- (c) there is a credit-impaired and regarded as in default, a full sum of the specific debt will be written off to profit or loss;

If the percentage used for expected credit loss increase/decrease by 1% from management's estimates, the carrying amount of the Group's trade receivables will be approximately RMB4,139,000 (2022 - RMB3,705,000) lower and RMB4,146,000 (2022 - RMB3,709,000) higher.

The carrying amount of the Group's financial assets at the end of the reporting period is disclosed in Notes 6.1, 9, 12.1 and 14 to the financial statements.

Fair value estimation on unlisted securities (Note 7)

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 RMB110,442,000 (2022 - RMB86,093,000) as at 31 March 2023.

In deriving the proximity to the fair value of this investment, the management made reference to the market price of the quoted shares held in Tat Hong Equipment Service Co., Ltd. ("THES"), an entity listed on the Hong Kong Exchanges and Clearing Limited ("HKEX") which is the underlying investment in this unquoted equity investment. If the change in unquoted equity investment has been higher/lower by 1% from management's estimates, the Group's carrying amount of financial assets - FVOCI would have been lower/higher by RMB1,104,000 (2022 - RMB861,000).

Further details are disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

Critical accounting estimates and key sources of estimation uncertainty (Cont'd)

Deferred tax assets (Note 10 and Note 23)

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax assets have been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income. The carrying amount of the Group's deferred tax assets is disclosed in Note 10 to the financial statements.

Provision for assurance warranty (Note 19)

The measurement of provision for assurance warranty involves estimations. The calculation of the amount of the provision requires assumptions to be made with regard to the probability of liability, the amount of claims and the duration with reference to the historical pattern.

The Group recognises expected warranty claims based on past experience of the level of repairs and return. A reversal/provision of RMB185,000 (2022 - RMB630,000) for assurance warranty was recognised for the financial year ended 31 March 2023.

2(b) Interpretations and amendments to published standards effective in 2022/2023

On 1 April 2022, the Company and the Group have adopted all the new and revised SFRS(I) and amendments to SFRS(I), effective for the current financial year that are relevant to them.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 1-16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 1	<i>Subsidiary as a First-time Adopter</i>	1 January 2022
SFRS(I) 9	<i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities beyond 30 June 2021</i>	1 January 2022
SFRS(I) 1-41	<i>Taxation in Fair Value Measurements</i>	1 January 2022

The adoption of these new or amended SFRS(I), where applicable, did not result in substantial changes to the Company's and the Group's accounting policies and had no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2(c) New and revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new revised SFRS(I), and amendments to SFRS(I), where applicable, that have been issued but are not yet effective.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I):		
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Various SFRS(I)s	<i>SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies</i>	1 January 2023
SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
SFRS(I) 1-1	<i>Non current Liabilities with Covenants</i>	1 January 2024
SFRS(I) 1-7	<i>Supplier Finance Arrangements</i>	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Management do not anticipate that the adoption of the above SFRS(I)s in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

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. Information on its subsidiaries is given in Note 6 to the financial statements.

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.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A change in the ownership interest

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 are 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 SFRS(I)s).

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 SFRS(I) 9, where applicable, the cost on initial recognition of an investment in an associate.

Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group. Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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.

The excess of (a) 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 (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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:

Land use rights	Over the lease term of 45 years to 50 years
Warehouse space	Over remaining period of lease
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.

No depreciation has been 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class in property, plant and equipment. Details of such leased assets are disclosed in Note 4(c) to the financial statements. See also accounting policy "Leases".

Intangible assets

Intangible assets are accounted for using the cost model. 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.

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

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.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate company are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Investments in an associate (Cont'd)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised decreases the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date, and this fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate may be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use 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 may be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalent, trade and other receivables and amount owing by related companies.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income/other operating expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other income".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment

The Group recognises a loss allowance for expected credit losses (“ECL”) on debt instruments that are measured at amortised cost or at FVOCI, finance lease receivables, contract assets, as well as on loan commitments and financial guarantee contracts (if any). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an external (if any) or internal credit rating of “investment grade” as per globally understood definition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment (Cont'd)

(i) Significant increase in credit risk (Cont'd)

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, (i) for a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; (ii) for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the receivables which meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment (Cont'd)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade and other receivables, contract assets are each assessed as a separate group);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

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.

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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

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.
- (b) An entity is related to the Company and the Group if any of the following conditions applies:
 - (i) the entity and the reporting entity 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (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); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

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.

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, amount owing to a corporate/individual shareholder of a subsidiary, 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.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group 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.

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 are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

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. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

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

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 and financial institutions for borrowings granted to its subsidiaries. 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. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Leases

(i) *Where the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-use (“ROU”) assets**

The Group recognised a ROU asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the ROU assets.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term which is determined on the same basis as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

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

- **Lease liabilities**

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for all leases and account these as one single lease component.

Lease liability is presented within "borrowings" in the statements of financial position.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise an extension option; or
- there is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

- **Short-term and low-value leases**

The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) *Where the Group is the lessee (Cont'd)*

- **Variable lease payments**

Variable lease payments, if any, that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) *Where the Group is the lessor*

The Group recognises lease payments received from plant and machinery under operating leases as income on a straight-line basis over the lease term within “revenue” in profit or loss.

Any change in the scope or the consideration for a lease that is not part of the original terms and conditions of the lease is accounted for as lease modification:

- The Group accounts for a modification to an operating lease, if any, as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either straight-line basis or another systematic basis over the remaining lease term.

Intermediate lessor in sublease

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, if any, the Group derecognises the ROU asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within “Trade and other receivables”. Any differences between the ROU asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease retains in the statements of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within “Other income”. The ROU asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

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

For the financial year ended 31 March 2023

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:

Sale of goods

Revenue from the sale of goods is measured based on the consideration to the Group expects to be entitled in exchange for transferring promised goods to a customer. Revenue is recognised when the Group satisfied a performance obligation by transferring a promised goods to the customer, which is when the customer obtains control of the goods. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from sale of goods is recognised when control of the goods has transferred to the customer at the point in time. 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. Rental income is recognised over time. 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 at the point of time.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

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.

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.

Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

3 Summary of significant accounting policies (Cont'd)

Current and non-current classification (Cont'd)

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share, where applicable, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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 32 to the financial statements.

Contingencies

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements, except for contingent liability assumed in a business combination that is a present obligation and for which fair value can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

4 Property, plant and equipment

The Group	Land use rights RMB'000	Warehouse space 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
<u>Cost</u>										
At 1 April 2021	21,934	13,924	219,893	508,597	34,209	8,891	230	12,067	1,990	821,735
Additions	-	12,467	9,360	5,001	2,136	864	-	1,079	214	31,121
Transfer from construction-in-progress	-	-	-	12,259	-	-	-	-	(12,259)	-
Disposals/write-off	-	-	(452)	(1,690)	(240)	(211)	-	-	-	(2,593)
Transfer from inventories ¹	-	-	-	167,956	-	-	-	-	11,147	179,103
Transfer to inventories ¹	-	-	-	(29,047)	-	-	-	-	(6)	(29,053)
Exchange translation difference	-	(712)	-	(15,130)	(360)	(27)	(1)	(294)	-	(16,524)
At 31 March 2022	21,934	25,679	228,801	647,946	35,745	9,517	229	12,852	1,086	983,789
Additions	-	-	-	8,806	678	367	42	-	284	10,177
Transfer from construction-in-progress	-	-	-	384	-	-	-	-	(384)	-
Disposals/write-off	-	-	-	(3,688)	(401)	(136)	-	-	-	(4,225)
Transfer from inventories ¹	-	-	-	134,878	-	-	-	-	359	135,237
Transfer to inventories ¹	-	-	-	(52,632)	-	-	-	-	-	(52,632)
Exchange translation difference	-	1,919	-	38,672	720	61	5	630	-	42,007
At 31 March 2023	21,934	27,598	228,801	774,366	36,742	9,809	276	13,482	1,345	1,114,353
<u>Accumulated depreciation</u>										
At 1 April 2021	3,833	9,780	87,412	261,538	28,319	7,556	179	6,503	-	405,120
Depreciation for the year	443	5,129	10,129	51,323	1,480	506	4	1,103	-	70,117
Disposals/write-off	-	-	(73)	(262)	(228)	(193)	-	-	-	(756)
Transfer to inventories ¹	-	-	-	(9,846)	-	-	-	-	-	(9,846)
Exchange translation difference	-	(459)	-	(6,711)	(264)	(24)	(1)	(120)	-	(7,579)
At 31 March 2022	4,276	14,450	97,468	296,042	29,307	7,845	182	7,486	-	457,056
Depreciation for the year	443	6,092	10,297	62,941	1,275	508	6	1,126	-	82,688
Disposals/write-off	-	-	-	(1,977)	(302)	(127)	-	-	-	(2,406)
Transfer to inventories ¹	-	-	-	(14,035)	-	-	-	-	-	(14,035)
Exchange translation difference	-	1,091	-	14,750	563	55	2	292	-	16,773
At 31 March 2023	4,719	21,633	107,765	357,721	30,863	8,281	190	8,904	-	540,076
Net book value										
At 31 March 2023	17,215	5,965	121,036	416,645	5,879	1,528	86	4,578	1,345	574,277
At 31 March 2022	17,658	11,229	131,333	351,904	6,438	1,672	47	5,366	1,086	526,733

¹ Plant and equipment that are held for rental to others are transferred to inventories at their carrying amount when they cease to be rented and become held for resale. For inventories transferred to plant and equipment upon inception of lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

4 Property, plant and equipment (Cont'd)

The Group	Note	2023 RMB'000	2022 RMB'000
Depreciation expense charged to:			
Cost of sales		68,808	58,067
Distribution costs	21(b)	10,414	8,897
Administrative expenses	21(c)	3,466	3,153
	22	82,688	70,117

- (a) As at the end of the reporting period, the carrying amount of property, plant and equipment of the Group which have been secured for certain bank loans and hire purchase with financial institutions is as follows:

The Group	Note	31 March 2023 RMB'000	31 March 2022 RMB'000
At net book value, - Plant and machinery	17.1,17.2	85,504	71,189

- (b) Right-of-use of assets under leasing arrangements are presented together with property, plant and equipment with carrying amounts of RMB24,168,000 (2022 - RMB29,825,000) as at 31 March 2023.

Right-of-use of assets classification within property, plant and equipment

The Group	Note	Land use rights RMB'000	Warehouse space RMB'000	Motor vehicles RMB'000	Total RMB'000
<u>Cost</u>					
At 1 April 2021		21,934	13,924	3,368	39,226
Additions		–	12,467	–	12,467
Transfer to property, plant and equipment		–	–	(878)	(878)
Exchange translation difference		–	(712)	(119)	(831)
At 31 March 2022		21,934	25,679	2,371	49,984
Additions		–	–	421	421
Exchange translation difference		–	1,919	215	2,134
At 31 March 2023		21,934	27,598	3,007	52,539
<u>Accumulated depreciation</u>					
At 1 April 2021		3,833	9,779	1,801	15,413
Depreciation for the year	27(b)	443	5,130	479	6,052
Transfer to property, plant and equipment		–	–	(781)	(781)
Exchange translation difference		–	(459)	(66)	(525)
At 31 March 2022		4,276	14,450	1,433	20,159
Depreciation for the year	27(b)	443	6,092	444	6,979
Exchange translation difference		–	1,091	142	1,233
At 31 March 2023		4,719	21,633	2,019	28,371
<u>Net book value</u>					
At 31 March 2023		17,215	5,965	988	24,168
At 31 March 2022		17,658	11,229	938	29,825

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

4 Property, plant and equipment (Cont'd)

- (c) Right-of-use assets consist of prepaid land use rights held by the Group.

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 People's Republic of China ("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	9,902	50	31 December 2063
Parcel of land #3	1,421	479	50	31 December 2063
Parcel of land #4	106	35	45	13 January 2060
Parcel of land #5	4,916	1,660	45	13 January 2060
	218,211	21,934		

The land use rights are transferable and amortised as follows:

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Amount to be depreciated:		
Not later than one year	443	443
Later than one year and not later than five years	1,772	1,772
Later than five years	15,000	15,443
	17,215	17,658

- (d) As at 31 March 2023, the carrying amount of plant and machinery leased out under operating leases was RMB361,996,000 (2022 - RMB297,937,000). These operating leases do not contain contingent lease rentals. The undiscounted lease payments from these operating leases to be received after reporting date are disclosed in Note 27.

- (e) The following are the amounts recognised for assets subject to operating leases:

	2023	2022
	RMB'000	RMB'000
The Group		
<u>Plant and machinery leased out under SFRS(I) 16</u>		
Net book value	361,996	297,937
Depreciation, included in cost of sales	53,368	40,340
Additions during the year - Transfer from inventories	134,243	162,941

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

5 Intangible assets

	Crawler crane design and manufacturing drawings	
	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
<u>Cost</u>		
Balance as at beginning and end of year	1,000	1,000
<u>Accumulated amortisation</u>		
Balance as at beginning and end of year	1,000	1,000
<u>Net book value</u>		
Balance as at end of year	–	–

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.

6 Subsidiaries

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Company		
<u>Unquoted equity investments, at cost</u>		
Balance as at beginning and end of year	344,363	344,363

6.1 Amounts owing by subsidiaries

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Company		
Amounts owing by subsidiaries presented as current assets		
- Non-trade		
- Interest-free	27,276	27,224
- Interest-bearing	–	6,467
	27,276	33,691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

6 Subsidiaries (Cont'd)

6.1 Amounts owing by subsidiaries (Cont'd)

Amounts owing by subsidiaries are denominated in the following currencies:

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Company		
Singapore dollar	27,276	27,224
United States dollar	–	1,887
Hong Kong dollar	–	4,580
	27,276	33,691

The non-trade amounts owing by subsidiaries, relate to advances made, are unsecured and receivable on demand. The interest-bearing advances owing by a subsidiary is charged at the interest of Nil (2022 - 3.75%) per annum.

Details of the Group's significant subsidiaries at the reporting date are as follows:

Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interest and voting rights held by the Group		Principal activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
		RMB'000	RMB'000	%	%	
<u>Subsidiaries held by the Company</u>						
Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao") [抚顺永茂建筑机械有限公司] ^{1 3}	PRC	320,569	320,569	100	100	Manufacturing, sale and rental of tower cranes and construction machinery
Yongmao Machinery Pte. Ltd. ("YMM") ²	Singapore	2,490	2,490	100	100	Sale and servicing of tower cranes and construction machinery
Yongmao Machinery (H.K.) Company Limited ("YMHK") ⁵	Hong Kong	21,304	21,304	60	60	Sale, distribution, rental and servicing of tower cranes, construction machinery and related components
		344,363	344,363			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

6 Subsidiaries (Cont'd)

Details of the Group's significant subsidiaries at the reporting date are as follows: (Cont'd)

Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interest and voting rights held by the Group		Principal activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
		RMB'000	RMB'000	%	%	
<u>Subsidiaries held by Fushun Yongmao</u>						
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") (北京永茂建工机械 ^{1 4} 制造有限公司)	PRC	- ⁷	- ⁷	100	100	Manufacturing and sale of tower cranes and construction machinery
<u>Subsidiaries held by YMHK</u>						
Eastime Engineering Limited ("EEL") ⁵	Hong Kong	- ⁷	- ⁷	60	60	Sale, distribution, rental and servicing of tower cranes, construction machinery and related components
<u>Subsidiary held by EEL</u>						
Eastime Engineering (Macau) Co., Ltd. ⁶	Macau	- ⁷	- ⁷	60	60	Sale, distribution, rental and servicing of tower cranes, construction machinery and related components

¹ Audited by Foo Kon Tan LLP for consolidation purposes.

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 Xin Hao Certified Public Accountants (北京欣昊会计师事务所), for local statutory reporting purposes.

⁵ Audited by HLB Hodgson Impey Cheng Limited for local statutory reporting purposes and reviewed by Foo Kon Tan LLP for consolidation purposes.

⁶ Audited by HLB Hodgson Impey Cheng Limited for the purpose of SFRS(I) reporting and reviewed by Foo Kon Tan LLP for consolidation purposes.

⁷ Interest held through subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

6 Subsidiaries (Cont'd)

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

The Group has the following subsidiaries that have material NCI:

Name of subsidiary	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI	Dividends paid to NCI
	%	RMB'000	RMB'000	RMB'000
31 March 2023				
Yongmao Machinery (H.K.) Company Limited group of companies	40	12,807	77,965	–
31 March 2022				
Yongmao Machinery (H.K.) Company Limited group of companies	40	6,963	65,158	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information in respect of each of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Summarised statement of financial position

	Yongmao Machinery (H.K.) Company Limited group of companies	
	31 March 2023	31 March 2022
	RMB'000	RMB'000
Non-current assets	234,377	192,828
Current assets	134,168	118,628
Total assets	368,545	311,456
Non-current liabilities	21,890	22,224
Current liabilities	151,309	126,896
Total liabilities	173,199	149,120
Net assets	195,346	162,336

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

6 Subsidiaries (Cont'd)

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

Summarised statement of profit or loss and other comprehensive income

	Yongmao Machinery (H.K.) Company Limited group of companies	
	31 March 2023	31 March 2022
	RMB'000	RMB'000
Revenue	181,798	175,501
Profit before taxation	23,755	29,491
Profit after taxation	20,362	24,460
Other comprehensive income	–	–
Total comprehensive income	20,362	24,460
Total comprehensive income allocated to non-controlling interests	12,807	6,963

Summarised cash flows

	Yongmao Machinery (H.K.) Company Limited group of companies	
	31 March 2023	31 March 2022
	RMB'000	RMB'000
Cash flows generated from/(used in):		
Operating activities	70,370	60,014
Investing activities	(75,802)	(54,024)
Financing activities	2,943	12,594

Summarised financial information in respect of the material NCI in YMHK has been presented in so far as it relates to the consolidated financial information of YMHK and its subsidiaries as the NCI 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 NCI has in that group's activities and cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

7 Financial assets, at FVOCI

		31 March 2023	31 March 2022
	Note	RMB'000	RMB'000
The Company and The Group			
<u>Unquoted equity investments</u>			
Balance as at beginning of year		86,093	108,071
Fair value profit/(loss) recognised in other comprehensive income, net of nil tax	24	24,349	(21,978)
Balance as at end of year		110,442	86,093

The financial assets pertains to an investment of 11.6% equity interest Tat Hong Equipment (China) Pte. Ltd. ("THEC"). The Group has elected to measure this equity security at FVOCI due to the Group's intention to hold this equity instrument for long-term appreciation as part of the Group's business model.

On 13 January 2021, Tat Hong Equipment Service Co., Ltd ("THES") which is substantially owned by THEC, was listed on the Hong Kong Exchanges and Clearing Limited ("HKEX"). THES (now listed on the HKEX) is substantially owned by THEC which the Company holds 11.6% equity interest. In deriving the proximity to the fair value of this investment, the Company and the Group measure the fair value based on revalued net asset value as at 31 March 2023.

See Note 33 to the fair value measurement of the investment in THEC.

8 Investment in an associate

		31 March 2023	31 March 2022
		RMB'000	RMB'000
The Group			
Unquoted equity shares, at cost		834	1,240
Share of post-acquisition losses and reserves		(638)	(406)
		196	834

The business operations in this associate started last financial year where the loss incurred mainly from the start up costs involved in the wind power business. The management is of the view that the extent of impairment, if any, is insignificant.

		31 March 2023	31 March 2022
		RMB'000	RMB'000
The Group			
Amount owing by an associate presented as current assets			
- trade		29	29

The trade amount owing by an associate is included in trade receivables (Note 9) and is denominated in RMB.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

8 Investment in an associate (Cont'd)

The details of the investment in an associate which is not material to the Group are:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		2023 %	2022 %	
Liaoning Xingmao Heavy Industry Co., Ltd (辽宁兴茂重工有限公司) *	PRC	31	31	Providing rental services for towercrane to wind power industry, installation and disassembly of wind turbine units

* based on the latest available management accounts provided by the company.

9 Trade and other receivables

	Note	The Company		The Group	
		31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
Trade receivables		–	–	528,301	501,160
Credit loss allowance for trade receivables					
Balance at beginning of year		–	–	(29,321)	(23,199)
Allowance for the year	22	–	–	(21,349)	(15,063)
Allowance no longer required for the year	22	–	–	9,278	8,896
Exchange translation		–	–	(161)	45
Balance at end of year		–	–	(41,553)	(29,321)
Net trade receivables		–	–	486,748	471,839
Bills receivable		–	–	23,005	54,722
GST or VAT receivables		–	–	1,053	9,732
Staff advances		–	–	3,961	1,891
Advances made to suppliers of raw materials		–	–	71,518	66,450
Advances made to freight forwarder		–	–	3	520
Accrued interest income		–	–	71	–
Down-payment for property, plant and equipment		–	–	149	78
Refundable deposits		74	67	2,211	1,050
Prepayments		202	138	6,931	4,651
Prepaid interest		–	–	267	177
Tax recoverable		–	–	2,174	–
Other tax receivables		–	–	723	683
Other receivables		–	–	4,913	1,734
		276	205	603,727	613,527

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

9 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	–	–	486,816	436,570
Singapore dollar	276	205	39,185	70,180
United States dollar	–	–	1,728	43,755
Euro	–	–	1,393	156
Hong Kong dollar	–	–	72,345	57,886
Macanese pataca	–	–	2,260	4,592
Russian ruble	–	–	–	388
	276	205	603,727	613,527

Trade receivables are non-interest bearing and generally have credit terms of 30 to 180 days (2022 - 30 to 180 days), excluding the retention money withheld.

As at the end of the reporting period, ageing analysis of trade and other receivables that are categorised as financial assets is as follows:

	The Company		The Group	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current	74	67	172,829	202,645
Past due 0 to 3 months	–	–	138,304	132,064
Past due 3 to 6 months	–	–	55,204	50,341
Past due over 6 months	–	–	154,572	146,186
	74	67	520,909	531,236

(i) Trade receivables include retention money of RMB36,596,000 (2022 - RMB38,725,000) that are considered current and not past due.

(ii) The bills receivable from third parties which are interest-free mature as follows:

The Group	31 March 2023	31 March 2022
The earliest date	3 May 2023	16 May 2022
The latest date	17 December 2024	28 March 2023

(iii) The advances made to suppliers of raw materials relate to down-payments placed with suppliers for the supply to be made.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

10 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.

10.1 Deferred tax assets

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

	Note	The Company		The Group	
		31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
Balance as at beginning of year		–	–	28,188	22,346
Transfer to profit or loss					
- current year	23	–	–	4,480	5,842
		–	–	32,668	28,188
Exchange translation difference		–	–	–	–
Balance as at end of year		–	–	32,668	28,188
To be recovered within one year		–	–	–	–
To be recovered after one year		–	–	32,668	28,188
		–	–	32,668	28,188

The deferred tax assets comprise tax on the following temporary differences:

The Group	Deferred income RMB'000	Deferred capital grants RMB'000	Provisions RMB'000	Unrealised intra group profits RMB'000	Others RMB'000	Total RMB'000
At 1 April 2021	1,581	1,432	7,031	9,738	2,564	22,346
(Charged)/Credited to income statement	(2,112)	(35)	2,017	5,400	572	5,842
At 31 March 2022	(531)	1,397	9,048	15,138	3,136	28,188
Credited/(Charged) to income statement	825	(34)	996	2,145	548	4,480
At 31 March 2023	294	1,363	10,044	17,283	3,684	32,668

The Group has unabsorbed tax losses amounting to approximately RMB59,230,000 (2022 - RMB77,394,000), 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.

The tax losses carried forward do not expire under current tax legislations, except for tax losses of a subsidiary in the PRC of RMB45,542,000 (2022 - RMB62,865,000) which expires over a 10 years period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

10 Deferred taxes (Cont'd)

10.1 Deferred tax assets (Cont'd)

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

	The Company		The Group	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses expire				
- within 1 year	-	-	1,644	-
- between 2 and 5 years	-	-	9,741	15,689
- more than 5 years	-	-	-	27
- Do not expire	-	-	2,258	2,397
Other deductible temporary differences	-	-	1,152	2,486
	-	-	14,795	20,599

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.

10.2 Deferred tax liabilities

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

	Note	The Company		The Group	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
		RMB'000	RMB'000	RMB'000	RMB'000
Balance as at beginning of year		9	9	36,683	30,541
Transfer (from)/to profit or loss					
- current year	23	(10)	(1)	8,720	7,584
- overprovision in respect of prior years	23	-	-	(315)	(698)
		(1)	8	45,088	37,427
Exchange translation difference		1	1	1,862	(744)
Balance as at end of year		-	9	46,950	36,683
To be recovered within one year		-	-	-	-
To be recovered after one year		-	9	46,950	36,683
		-	9	46,950	36,683

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

10 Deferred taxes (Cont'd)

10.2 Deferred tax liabilities (Cont'd)

The deferred tax liabilities comprise tax on the following temporary differences:

The Company	Unremitted foreign interest income RMB'000
At 1 April 2021	9
Credited to income statement	(1)
Exchange fluctuation difference	1
At 31 March 2022	9
Credited to income statement	(10)
Exchange fluctuation difference	1
At 31 March 2023	–

The Group	Accelerated tax depreciation RMB'000	Unremitted foreign interest income RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Total RMB'000
At 1 April 2021	16,969	380	13,192	30,541
Charged/(Credited) to income statement	4,671	(348)	2,563	6,886
Exchange fluctuation difference	(743)	(1)	–	(744)
At 31 March 2022	20,897	31	15,755	36,683
Charged/(Credited) to income statement	7,324	(21)	1,102	8,405
Exchange fluctuation difference	1,860	2	–	1,862
At 31 March 2023	30,081	12	16,857	46,950

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 retained earnings subject to withholding taxes of its PRC subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

11 Inventories

		31 March 2023	31 March 2022
The Group	Note	RMB'000	RMB'000
<u>Trading stocks, at cost</u>			
Raw materials		82,884	81,662
Work-in-progress		304,503	259,948
Finished goods		47,742	55,344
		435,129	396,954
Less:			
Allowance for obsolete and slow-moving inventories			
Balance at beginning of year		(20,815)	(55,272)
Provision for the year	22	(5,388)	(2,732)
Provision no longer required	22	7,458	2,984
Provision utilised		-	34,179
Exchange translation		(54)	26
Balance at end of year		(18,799)	(20,815)
		416,330	376,139
Included in cost of sales are inventories charged of:		524,333	682,827

The Group reversed allowance for obsolete and slow-moving inventories of RMB7,458,000 (2022 - RMB2,984,000) made in prior years and is included in cost of sales as the inventories have been realised during the financial year ended 31 March 2023.

12 Related party balances

12.1 Amounts owing by related parties

		31 March 2023	31 March 2022
The Group	Note	RMB'000	RMB'000
Amounts owing by related parties - trade		52,031	32,842
Less: Expected credit loss allowance			
Balance at beginning of year		(5,266)	-
Provision for the year	22	-	(5,266)
Balance at end of year		(5,266)	(5,266)
		46,765	27,576

Related parties mainly relate to Tat Hong Holding group of companies which are usually due within 30 - 180 days and are non-interest bearing.

Trade amounts owing by related parties are denominated in Renminbi.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

12 Related party balances (Cont'd)

12.2 Amounts owing to/advances from related parties

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Amounts owing to related parties		
- trade	6,837	2,322
- non-trade	5,814	5,272
	12,651	7,594

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

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Renminbi	6,837	2,322
Singapore dollar	5,814	5,272
	12,651	7,594

The non-trade amounts owing to related parties relate to advances and payments made on behalf, are unsecured, interest-free and repayable on demand.

13 Corporate shareholder of a subsidiary balances

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Amounts owing to a corporate shareholder of a subsidiary		
- loan	1,703	1,579
	1,703	1,579

The loan of RMB1,703,000 (2022 - RMB1,579,000) is unsecured and is due to be repayable on 31 March 2023 (2022 - 31 March 2022). The said loan has been renewed on 31 March 2023 for a further period of 1 year. Interest is charged at 3.5% (2022 - 3.5%) per annum.

Amounts owing to a corporate shareholder of a subsidiary are denominated in United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

14 Cash and cash equivalents

	The Company		The Group	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	—*	—*	122	112
Bank balances	6,071	1,812	132,237	196,878
Fixed deposits	—	—	117,436	1,500
	6,071	1,812	249,795	198,490

* Represents amount less than RMB1,000.

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	—	—	66,369	70,388
Singapore dollar	6,024	1,769	103,371	60,254
United States dollar	47	43	31,963	12,961
Euro	—	—	830	8,991
Hong Kong dollar	—	—	46,767	45,177
Macanese pataca	—	—	495	719
	6,071	1,812	249,795	198,490

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

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Cash and bank balances	249,795	198,490
Less: Restricted bank balances	(34,228)	(45,018)
Cash and cash equivalents per consolidated statement of cash flows	215,567	153,472

Restricted bank balances are pledged in relation to the following items:

		31 March 2023	31 March 2022
	Note	RMB'000	RMB'000
The Group			
Bank loans	17.1	26,308	41,500
Bills payable	19	7,920	2,680
Seller Undertaking	28(a)	—	838
		34,228	45,018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

15 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 the year	88,749,997	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.

16 Reserves

	The Company		The Group	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Non-distributable</u>				
Merger reserve	–	–	(26,769)	(26,769)
Fair value reserve	31,767	7,418	31,767	7,418
Statutory common reserve	–	–	88,907	85,822
Exchange fluctuation reserve	–	–	10,087	(3,791)
	31,767	7,418	103,992	62,680
<u>Distributable</u>				
Retained earnings	139,098	141,220	494,709	450,805
	170,865	148,638	598,701	513,485

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 fair value changes of financial assets, at FVOCI until they are disposed of.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17 Borrowings

	Note	31 March 2023 RMB'000	31 March 2022 RMB'000
The Group			
<u>Non-current</u>			
Hire purchase with financial institutions	17.2	1,677	4,491
Lease liabilities	17.3	1,579	6,028
		3,256	10,519
<u>Current</u>			
Bank loans	17.1	283,731	252,324
Hire purchase with financial institutions	17.2	48,958	40,123
Lease liabilities	17.3	5,449	6,084
		338,138	298,531
		341,394	309,050

The carrying amounts of current and non-current portion of the borrowings approximate their fair value.

Borrowings are denominated in the following currencies:

	31 March 2023 RMB'000	31 March 2022 RMB'000
The Group		
Renminbi	281,477	253,359
Singapore dollar	5,216	7,692
Hong Kong dollar	54,701	47,999
	341,394	309,050

As at the end of the reporting period, the Group has unutilised bank loans and hire purchase facilities of RMB99,557,000 (2022 - RMB108,889,000). Bank loan facilities which expire within one year from the reporting date are subject to annual review.

17.1 Bank loans

	31 March 2023 RMB'000	31 March 2022 RMB'000
The Group		
Bank loans		
- secured	73,000	96,155
- unsecured	210,731	156,169
	283,731	252,324

Bank loans of the Group are secured by way of certain bank deposits (Note 14) and property, plant and equipment [Note 4(a)].

Unsecured bank loans facilities are guaranteed by the Company, a fellow subsidiary and certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17 Borrowings (Cont'd)

17.1 Bank loans (Cont'd)

The bank loans have an average effective interest rate of 5.5% (2022 - 5.9%) per annum. Interest is repriced on monthly and yearly basis. In respect of Interest Rate Benchmark Reform, the amendments do not materially affect the financial reporting after the reform to an interest rate benchmark ("IBOR Reform"), including its replacement with alternative benchmark rates. In so far as to the interbank interest rate applied in the PRC, the money market in the PRC continues to adopt the Shanghai Interbank Offered Rate ("SHIBOR") as the interest rate used in inter-bank lending in RMB currency.

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

The Group	31 March 2023		31 March 2022	
	Carrying amount RMB'000	Contractual cash flows RMB'000	Carrying amount RMB'000	Contractual cash flows RMB'000
<u>Variable interest rate loans</u>				
Less than one year	283,731	289,256	252,324	256,620
Between one to five years	–	–	–	–

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.

17.2 Hire purchase with financial institutions

The table below analyses the maturity profile of the Group's hire purchase with financial institutions based on contractual undiscounted cash flows:

The Group	31 March 2023		31 March 2022	
	Carrying amount RMB'000	Contractual cash flows RMB'000	Carrying amount RMB'000	Contractual cash flows RMB'000
<u>Variable interest rate</u>				
Less than one year	48,958	53,482	40,123	43,427
Between one to five years	1,677	1,692	4,491	4,601

All hire purchase facilities granted by financial institutions to subsidiaries are secured by the underlying assets [Note 4(a)] and corporate guarantees provided by the Company. The hire purchase liabilities have an average effective interest rate of 6.1% (2022 - 4.3%) per annum. In respect of hire purchase facilities, the Group received monies directly from the financial institutions for the assets pledged.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17 Borrowings (Cont'd)

17.3 Lease liabilities

The Group leases land use rights, warehouse space and motor vehicles. The movements of the lease liabilities are as follows:

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Minimum lease payments payable:		
Due not later than one year	5,667	6,457
Due later than one year and not later than five years	1,665	6,271
	7,332	12,728
Less: Interest expenses allocated to future periods	(304)	(616)
Present value of minimum lease payments	7,028	12,112
Present value of minimum lease payments:		
Due not later than one year	5,449	6,084
Due later than one year and not later than five years	1,579	6,028
	7,028	12,112

The lease liabilities have an average effective interest rate of 4.2% (2022 - 3.0%) per annum.

18 Deferred capital grants

		31 March 2023	31 March 2022
	Note	RMB'000	RMB'000
The Group			
<u>Cost</u>			
Balance as at beginning and end of year		11,264	11,264
<u>Accumulated amortisation</u>			
Balance as at beginning of year		1,951	1,722
Amortisation for the year	21(a), 22	229	229
Balance as at end of year		2,180	1,951
Net carrying amount		9,084	9,313
Amount to be amortised:			
Not later than one year		229	229
Later than one year and not later than five years		915	915
Later than five years		7,940	8,169
		8,855	9,084
		9,084	9,313

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 4). There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

19 Trade and other payables

	The Company		The Group	
	31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
Trade payables	–	–	271,210	195,163
Bills payable	–	–	23,860	2,680
Accrual for purchases	–	–	94,061	90,456
Advances from customers	–	–	120,952	171,104
Amount owing to suppliers of property, plant and equipment	–	–	96	386
Provision for assurance warranty	–	–	4,167	4,352
Accrued directors' fees	1,251	1,134	1,251	1,134
Deposits received	–	–	11,054	2,996
Interest received	–	–	1,965	3,612
Rental payables to a director of the Company	–	–	1,785	941
Loan from a third party	–	–	–	10,749
Liability assumed for payments made on behalf for subsistence allowances	–	–	12,691	14,202
Accrued interest expenses	–	–	420	961
Other accrued expenses	3,570	3,870	70,428	81,491
Other payables	251	4	17,185	14,502
	5,072	5,008	631,125	594,729
Less:				
Trade and other payables - non-current	–	–	(11,123)	(12,468)
	5,072	5,008	620,002	582,261

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
Renminbi	1,800	2,160	440,983	395,801
Singapore dollar	3,272	2,848	78,752	67,566
United States dollar	–	–	79,902	98,115
Euro	–	–	97	640
Hong Kong dollar	–	–	31,120	31,291
Macanese pataca	–	–	271	1,316
	5,072	5,008	631,125	594,729

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

19 Trade and other payables (Cont'd)

Bills payable mature within 1 month (2022 - within 1 month) from year-end. As at 31 March 2023, bills payable are secured by bank deposits of RMB7,920,000 (2022 - RMB2,680,000) (Note 14).

The accrual for purchases relates to purchase orders placed and goods were received but suppliers' invoices not yet been received.

In the financial year ended 31 March 2022, the loan from a third party was interest-bearing and had no fixed repayment terms. Interest was charged at 6.3% per annum and was repayable on demand.

The advances from customers represent deposits for sales order made for the delivery of equipment when ready.

Provision for assurance warranty

The Group accounts for the warranty assurance that the product complies with agreed-upon specifications in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. The customer does not have the option to purchase such warranty separately. Provision for assurance warranty relates to the estimated costs of after-sale services and warranty costs for sale of tower cranes and tower crane 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, and probability and amounts of claims.

The movements in provision for assurance warranty are as follows:

		31 March 2023	31 March 2022
The Group	Note	RMB'000	RMB'000
Balance at beginning of year		4,352	3,722
(Reversal)/Provision during the year	22	(185)	630
Balance at end of year		4,167	4,352

Liability assumed for payments made on behalf for subsistence allowances

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. In the opinion of the directors of the Group, there is no actuarial risk to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

19 Trade and other payables (Cont'd)

Liability assumed for payments made on behalf for subsistence allowances (Cont'd)

This accrual is not a defined contribution nor a defined benefits plan under SFRS(I) 1-19. 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 movements in the liability assumed for payments made on behalf for subsistence allowances are as follows:

	31 March 2023	31 March 2022
The Group	RMB'000	RMB'000
Balance at beginning of year	14,202	15,844
Payments made during the year	(1,511)	(1,642)
Balance at end of year	12,691	14,202
Comprises		
- current portion	1,568	1,734
- non-current portion	11,123	12,468
	12,691	14,202

	31 March 2023	31 March 2022
The Group	RMB'000	RMB'000
Amount due within one year	1,568	1,734
Amount due after one year and not after five years	6,272	6,936
Amount due after five years	4,851	5,532
	12,691	14,202

Other accrued expenses

The Group

As at the reporting date, other accrued expenses of RMB70,428,000 (2022 – RMB81,491,000) mainly relates to accruals of salaries and related costs and freight and transportation charges. During the financial year ended 31 March 2023, the Group reversed over-accrual of housing fund contributions of RMB1,200,000 (2022 – RMB1,220,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

20 Revenue

Revenue representing sale, rental and servicing of tower cranes, tower crane components and accessories, excluding applicable goods and services taxes or value-added taxes.

The Group derives revenue from transfer of goods and services over time and at a point in time as follows:

	2023	2022
	RMB'000	RMB'000
The Group		
Sale of manufactured tower cranes	573,222	791,736
Sale of tower crane components and accessories	91,016	89,844
Service income	79,308	74,171
Revenue from contracts with customers – At a point in time	743,546	955,751
Rental income	172,170	155,557
Total Revenue	915,716	1,111,308

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

The segment analysis of the Group is disclosed in Note 32 to the financial statements.

Assets recognised from costs to fulfil contracts

Management assessed that there are no assets recognised from costs to fulfil contract as at 31 March 2023 and 31 March 2022.

21(a) Other income

		2023	2022
	Note	RMB'000	RMB'000
The Group			
Amortisation of deferred capital grants	18	229	229
Compensation income		246	511
Gain on disposal of property, plant and equipment	22	812	201
Government grants*		7,603	7,583
Interest income		2,764	752
Rental income of premises	27(b)	1,470	1,907
Sale of scrap materials		673	380
Dividend income		–	1,378
Others		2,067	1,539
		15,864	14,480
Effective interest rate (per annum)			
- bank deposits		1.13%	0.48%

* Government grants mainly represent operating subsidies and rebate from the relevant jurisdiction where the grant applies to help businesses deal with the impact from COVID-19.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

21(b) Distribution costs

The Group	Note	2023 RMB'000	2022 RMB'000
Depreciation expense	4	10,414	8,897
Employee benefit expenses	21(f)	20,652	20,941
Freight charges		58,564	80,752
Office expenses		422	443
Operating lease rentals	27(b)	1,102	1,259
Promotion and advertising expenses		1,058	1,130
Sales service expenses		1,327	3,567
Transportation expenses		3,300	2,907
Insurances		33	2,374
Others		987	3,138
		97,859	125,408

21(c) Administrative expenses

The Group	Note	2023 RMB'000	2022 RMB'000
Depreciation expense	4	3,466	3,153
Directors' fee	22	1,214	1,149
Employee benefit expenses	21(f)	52,384	52,616
Entertainment expenses		2,284	1,279
Office expenses		3,283	3,461
Operating lease rentals	27(b)	861	946
Other governmental taxes		5,495	5,561
Professional fees		5,789	4,721
Transportation and travelling expenses		4,409	4,145
Others		5,766	5,688
		84,951	82,719

21(d) Other operating (income)/expenses

The Group	Note	2023 RMB'000	2022 RMB'000
Bank charges		1,262	3,202
Donation		2	8
Exchange (gain)/loss	22	(14,597)	3,619
Property, plant and equipment written off	22	1,791	26
Others		543	816
		(10,999)	7,671

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

21(e) Finance costs

The Group	Note	2023 RMB'000	2022 RMB'000
Interest expenses:			
- loan from a third party		–	683
- loan from director		–	130
- loan from a corporate shareholder of a subsidiary		60	56
- bank loans		13,989	15,347
- hire purchase with financial institutions		2,895	545
- lease liabilities	27(b)	404	247
		17,348	17,008
Effective interest rate (per annum):			
- loan from a third party		–	6.3%
- loan from director		–	2.5%
- loan from a corporate shareholder of a subsidiary		3.5%	3.5%
- bank loans		5.5%	5.9%
- hire purchase with financial institutions		6.1%	4.3%
- lease liabilities		4.2%	3.0%

21(f) Employee benefit expenses

The Group	2023 RMB'000	2022 RMB'000
Directors' remuneration:		
- Directors of the Company:		
- salaries and related costs	8,071	8,625
- defined contributions	207	165
- Directors of the subsidiaries:		
- salaries and related costs	1,386	1,362
- defined contributions	138	110
Key management personnel (other than directors):		
- salaries and related costs	3,259	3,320
- defined contributions	261	309
Other than directors and key management personnel:		
- salaries and related costs	126,766	120,021
- defined contributions	18,116	16,622
	158,204	150,534

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21(f) Employee benefit expenses (Cont'd)

The Group	Note	2023 RMB'000	2022 RMB'000
Included in:			
Cost of sales		85,168	76,977
Distribution costs	21(b)	20,652	20,941
Administrative expenses	21(c)	52,384	52,616
		158,204	150,534

Key management personnel are as disclosed in the “Key Management” section of the annual report.

22 Profit before taxation

The Group	Note	2023 RMB'000	2022 RMB'000
Profit before taxation has been arrived at after charging/(crediting):			
Allowance for expected credit loss, net	9, 12.1	12,071	11,433
Reversal of provision for obsolete and slow-moving inventories, net	11	(2,070)	(252)
Audit fee paid/payable to:			
- auditors of the Company		984	987
- other auditors		298	272
Non-audit fee paid/payable to auditors of the Company		15	14
Amortisation of deferred capital grants	18	(229)	(229)
Depreciation of property, plant and equipment	4	82,688	70,117
Directors' fee	21(c)	1,214	1,149
Exchange (gain)/loss	21(d)	(14,597)	3,619
Gain on disposal of property, plant and equipment	21(a)	(812)	(201)
Operating lease rentals	27(b)	7,468	7,647
Property, plant and equipment written off	21(d)	1,791	26
Reversal of over-accrual of housing fund contribution	19	(1,200)	(1,220)
(Reversal)/provision for assurance warranty	19	(185)	630
Sub-contractor costs and costs of rental of tower cranes		137,363	121,018

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23 Taxation

	Note	2023 RMB'000	2022 RMB'000
The Group			
Current taxation		5,089	10,414
Deferred tax assets	10.1	(4,480)	(5,842)
Deferred tax liabilities	10.2	8,720	7,584
		9,329	12,156
(Over)/Under provision in respect of prior years			
- current taxation		(31)	1,145
- deferred tax	10.2	(315)	(698)
		(346)	447
		8,983	12,603

The tax expense on the Group's results before tax differs from the theoretical amount that would arise using the various applicable corporate tax rate of income tax as follows:

	2023 RMB'000	2022 RMB'000
The Group		
Profit before taxation	68,016	77,298
Share of results of an associate, net of tax	638	406
	68,654	77,704
Tax at domestic rate applicable to profits in the countries concerned ¹	13,323	19,993
Corporate tax rebate/exemption	(2,713)	(8,466)
Tax incentives	(1,388)	(5,162)
Tax effect on non-deductible expenses ²	2,677	2,403
Deferred tax assets not recognised	73	193
Utilisation of tax losses previously not recognised	(3,745)	(91)
Tax on undistributed earnings of PRC subsidiaries	1,102	3,286
(Over)/Under provision in respect of prior years		
- current taxation	(31)	1,145
- deferred tax liabilities	(315)	(698)
	8,983	12,603

¹ This is prepared by aggregating separate reconciliations for each national jurisdiction.

² This relates mainly to expenses being restricted due to income source.

On 24 September 2021, 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 September 2024 and is subject to renewal.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

23 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
Yongmao Machinery (Cambodia) Co., Ltd.	Cambodia	20.0%	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. ³ (常州永茂重工机械有限公司)	The PRC	25.0%	Full tax
Liaoning Yongmao Heavy Industry Co., Ltd. ³ (辽宁永茂重工有限公司)	The PRC	25.0%	Full tax
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. (北京永茂建工筑机械制造有限公司)	The PRC	25.0%	Full tax

³ Subsidiaries do not have any taxable profit during the financial year as they are dormant.

24 Other comprehensive income/(expense) after tax

	Note	2023 RMB'000	2022 RMB'000
The Group			
At nil tax			
Fair value profit/(loss) on financial assets - FVOCI	7	24,349	(21,978)
Exchange translation difference			
- foreign operations		18,958	(8,056)
		43,307	(30,034)

25 Defined contribution national pension benefits

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

	2023 RMB'000	2022 RMB'000
The Group		
Defined contribution national pension benefits	9,983	6,902

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

26 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 RMB51,306,000 (2022 - RMB55,297,000) on the existing number of ordinary shares in issue of 88,749,997 at the end of the reporting periods.

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.

27 Leases

Nature of the Group's leasing activities - Where the Group is a lessee,

Leasehold land

The Group leases parcels of leasehold land (Note 4) where a subsidiary's buildings and operations are located in China. The Group has made full payment to the right-of-use of the leasehold land. Leases of land have lease term of 45 or 50 years which will expire on 13 January 2060, at earliest and 31 December 2063, at latest date. There is no externally imposed covenant on these lease arrangements.

Warehouse space

The Group leases warehouse space. The Group makes monthly payments for the warehouse and office space. The leases for warehouse space have lease terms of 1 - 5 years which will expire on 31 December 2023, at earliest and 30 September 2026, at latest date. There is no externally imposed covenant on these lease arrangements.

Motor vehicles

The Company has lease contracts for motor vehicles used in its operations. Leases of motor vehicles generally have lease terms of 4.5 years. There is no externally imposed covenant on these lease arrangements.

Office equipment

The Group leases office equipment (e.g. photocopier) for use in its operations. Leases of office equipment have a lease term of 5 years. The Group applies the "low-value asset" recognition exemption for these leases.

Staff accommodation and office space

The Group leases residential units in Hong Kong, Macau and China for staff accommodation and office space in Singapore, Hong Kong, Macau and China. These leases generally have lease terms of 12 months or less. As the lessees and lessors each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty and cost from exercise of termination option, the management has assessed and is of the view that these perpetual lease contracts qualify as short-term leases.

(a) Carrying amounts of right-of-use assets and lease liabilities

The carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the financial year ended 31 March 2023 are disclosed in Note 4 and Note 17.3 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

27 Leases (Cont'd)

Nature of the Group's leasing activities - Where the Group is a lessee, (Cont'd)

(b) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

The Group	Note	2023 RMB'000	2022 RMB'000
<u>Leases under SFRS(I) 16</u>			
Depreciation of right-of-use assets, included in:			
- distribution costs		6,078	5,290
- administrative expenses		901	762
	4(b)	6,979	6,052
Interest expense on lease liabilities, included in finance costs	21(e)	404	247
Income from subleasing, included in other income	21(a)	1,470	1,907
Expenses in relation to short-term leases, included in:			
- cost of sales		5,505	5,442
- distribution costs	21(b)	1,102	1,259
- administrative expenses	21(c)	861	946
	22	7,468	7,647

(c) Total cash outflows

The Group had total cash outflows for leases of RMB14,240,000 (2022 - RMB13,715,000) in the financial year ended 31 March 2023.

Nature of the Group's leasing activities – Where the Group is a lessor,

Operating leases, in which the Group is the lessor, relate to plant and machinery [Note 4(d)] owned by the Group. All operating lease contracts contain market review clauses in the event that the lessee exercises its option for extension. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The Group's revenue from rental income received on the plant and machinery are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

27 Leases (Cont'd)

Nature of the Group's leasing activities – Where the Group is a lessor, (Cont'd)

Undiscounted lease payments from these operating leases to be received after the reporting date are as follows:

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Less than one year	93,820	100,225
One to two years	11,242	32,385
Two to three years	–	–
Total undiscounted lease payments	105,062	132,610

Nature of the Group's leasing activities - Where the Group is an intermediate lessor,

Subleases - classified as operating leases

The Group acts as an intermediate lessor under arrangement in which it subleases out certain warehouse space and equipment to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and the present value of the lease payments do not amount substantially to the fair value of the underlying assets. Accordingly, the subleases are classified as operating leases.

Income from subleasing certain warehouse space and equipment recognised during the financial year ended 31 March 2023 is RMB1,470,000 (2022 - RMB1,907,000) [Note 21(a)].

Undiscounted lease payments from these operating leases to be received after the reporting date are as follows:

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Less than one year	–	891
One to two years	–	–
Two to three years	–	–
Total undiscounted lease payments	–	891

28 Financial guarantees

The Group

Seller Undertaking provided to banks or financial institution

- (a) A subsidiary, Fushun Yongmao has agreed to provide guarantee under the Seller Undertaking to a maximum sum of RMB17,986,000 (2022 - RMB1,760,000) to a bank for certain customers who have obtained bank loans to finance their purchase of tower cranes and tower crane accessories and components of the Group. To the extent of the bank loans that remained outstanding as at 31 March 2023, the balances are RMB14,732,000 (2022 - RMB260,000) and are secured by bank deposits of RMB Nil (2022 - RMB838,000) (Note 14); and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

28 Financial guarantees (Cont'd)

The Group (Cont'd)

Seller Undertaking provided to banks or financial institutions (Cont'd)

- (b) A subsidiary, Fushun Yongmao has agreed to provide guarantee under the Seller Undertaking to a maximum sum of RMB291,359,000 (2022 - RMB248,232,000) to hire purchase companies for certain customers who have purchased tower cranes through hire purchase financing. To the extent of the purchase amount that remained outstanding as at 31 March 2023, the balance is RMB124,317,000 (2022 - RMB106,690,000).

Certain of the Group's sale of tower cranes 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 instalment payments, the Group has to make good the loans outstanding and upon the Group making good the loans, the ownership of the tower cranes 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 tower crane sold upon delivery. In return, the bank or financial institution requires the tower crane to be mortgaged to them.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. The Group is required to pay the bank or financial institution the balance outstanding and repossesses the tower crane acting as collateral for credit enhancement pursuant to the Seller Undertaking.

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

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
Seller Undertaking provided to certain banks	14,732	260
Seller Undertaking provided to hire purchase companies	124,317	106,690
	139,049	106,950

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 tower cranes, the reimbursable unpaid sum to the banks or financial institutions to repossess the tower crane acting as collateral for credit enhancement is unlikely to cause any loss (if material) should the debtor defaulted. The management expected the credit loss for financial guarantee to be immaterial.

In respect of COVID-19, management has reassessed the impact of the pandemic as to the possible effect that the liabilities may be materialised. As of the date of this report, there is no indication or known cases of occurrence to which this event may be possible.

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For the financial year ended 31 March 2023

29 Dividends

	2023 RMB'000	2022 RMB'000
The Group		
Ordinary dividends		
Final one-tier tax exempt dividends paid in respect of the previous financial year of S\$0.01 (2022 - S\$0.01) per share	4,317	4,263

At the forthcoming Annual General Meeting, a final exempt (one-tier) dividend of 1.0 Singapore cent per share and a special exempt (one-tier) dividend of 1.0 Singapore cent per share amounting to a total of RMB9,173,000 (SGD1,775,000) will be proposed. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2024.

30 Significant related party transactions

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

	2023 RMB'000	2022 RMB'000
The Group		
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)	9,702	512
- China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd. (中核华兴达丰机械工程有限公司)	7,241	5,807
- Jiangsu Zhongjian Tat Hong Equipment Rental Co., Ltd. (江苏众建达丰机械租赁有限公司) (formerly known as 江苏中建达丰机械租赁有限公司)	8,145	10,588
- Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	29,938	85,500
- Liaoning Yongmao Hydraulic Machinery Co., Ltd. (辽宁永茂液压机械有限公司)	1,232	1,290
Purchases from related parties		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	127	65
- Fushun Yongmao Industry and Trade Co., Ltd. (抚顺市永茂工贸发展有限公司)	746	824
Rental fee charged by ultimate holding company		
- Sun & Tian Investment Pte. Ltd.	510	483
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)	5,505	5,505

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For the financial year ended 31 March 2023

30 Significant related party transactions (Cont'd)

	2023 RMB'000	2022 RMB'000
The Group		
Rental fee charged by directors of the Company		
- Sun Tian	809	809
- Tian Ruo Nan	132	132
Sales of property, plant and equipment to a related party		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	90	1,578
Loan interest charged by a corporate shareholder of a subsidiary		
- Yongmao Machinery (Cambodia) Co., Ltd	60	56
Other expenses charged by a related party		
- Beijing Weiteng Special Purpose Auto Co., Ltd. (北京市威腾专用汽车有限公司)	1,330	1,624
Director of the company		
- Tian Ruo Nan	-	130
Repayment to:		
Director of the company		
- Tian Ruo Nan	-	(10,000)

31 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

31.1 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 Group to interest rate risk is mainly with loan from corporate shareholder of a subsidiary, Yongmao Machinery (Cambodia) Co., Ltd (Note 13), borrowings (Note 17) and loan from a third party (Note 19).

Sensitivity analysis for interest rate risk

For the variable rate financial liabilities owing for loan from a third party, borrowings and loan from 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.

	2023		2022	
	Profit net of tax RMB'000	Equity RMB'000	Profit net of tax RMB'000	Equity RMB'000
The Group				
Interest rate				
- decreased by 0.5% per annum	1,863	1,863	1,726	1,726
- increased by 0.5% per annum	(1,863)	(1,863)	(1,726)	(1,726)

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

The Company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

31.2 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"), Macanese pataca ("MOP") and Russian ruble ("RUB"). 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.

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For the financial year ended 31 March 2023

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

31.2 Currency risk (Cont'd)

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

The Group	SGD RMB'000	USD RMB'000	Euro RMB'000	HKD RMB'000	MOP RMB'000	RUB RMB'000	Total RMB'000
At 31 March 2023							
Financial assets							
Cash and cash equivalents	103,371	31,963	830	46,767	495	–	183,426
Trade and other receivables	38,300	1,718	1,393	64,910	1,978	–	108,299
	141,671	33,681	2,223	111,677	2,473	–	291,725
Financial liabilities							
Borrowings	(5,216)	–	–	(54,701)	–	–	(59,917)
Amounts owing to related parties	(5,814)	–	–	–	–	–	(5,814)
Amounts owing to corporate shareholder of a subsidiary	–	(1,703)	–	–	–	–	(1,703)
Trade and other payables	(8,918)	(35,900)	–	(31,120)	(271)	–	(76,209)
	(19,948)	(37,603)	–	(85,821)	(271)	–	(143,643)
Currency exposure on financial assets and liabilities	121,723	(3,922)	2,223	25,856	2,202	–	148,082
Less:							
Net financial assets denominated in respective entity's functional currency	(124,036)	784	–	(25,856)	(2,202)	–	(151,310)
Currency exposure on financial assets and liabilities	(2,313)	(3,138)	2,223	–	–	–	(3,228)

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For the financial year ended 31 March 2023

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

31.2 Currency risk (Cont'd)

The Group	SGD RMB'000	USD RMB'000	Euro RMB'000	HKD RMB'000	MOP RMB'000	RUB RMB'000	Total RMB'000
At 31 March 2022							
Financial assets							
Cash and cash equivalents	60,254	12,961	8,991	45,177	719	–	128,102
Trade and other receivables	69,471	43,755	156	54,507	4,173	388	172,450
	129,725	56,716	9,147	99,684	4,892	388	300,552
Financial liabilities							
Borrowings	(7,692)	–	–	(47,999)	–	–	(55,691)
Amounts owing to related parties	(5,272)	–	–	–	–	–	(5,272)
Amounts owing to corporate shareholder of a subsidiary	–	(1,579)	–	–	–	–	(1,579)
Trade and other payables	(10,589)	(6,038)	–	(31,291)	(1,316)	–	(49,234)
	(23,553)	(7,617)	–	(79,290)	(1,316)	–	(111,776)
Currency exposure on financial assets and liabilities	106,172	49,099	9,147	20,394	3,576	388	188,776
Less:							
Net financial assets denominated in respective entity's functional currency	(111,898)	(576)	–	(20,394)	(3,576)	–	(136,444)
Currency exposure on financial assets and liabilities	(5,726)	48,523	9,147	–	–	388	52,332

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For the financial year ended 31 March 2023

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

31.2 Currency risk (Cont'd)

The Company	SGD RMB'000	USD RMB'000	HKD RMB'000	Total RMB'000
At 31 March 2023				
Financial assets				
Cash and cash equivalents	6,024	47	–	6,071
Amounts owing by subsidiaries	27,276	–	–	27,276
Trade and other receivables	74	–	–	74
	33,374	47	–	33,421
Financial liabilities				
Trade and other payables	(3,272)	–	–	(3,272)
	(3,272)	–	–	(3,272)
Currency exposure on financial assets and liabilities	30,102	47	–	30,149
At 31 March 2022				
Financial assets				
Cash and cash equivalents	1,769	43	–	1,812
Amounts owing by subsidiaries	27,224	1,887	4,580	33,691
Trade and other receivables	67	–	–	67
	29,060	1,930	4,580	35,570
Financial liabilities				
Trade and other payables	(2,848)	–	–	(2,848)
	(2,848)	–	–	(2,848)
Currency exposure on financial assets and liabilities	26,212	1,930	4,580	32,722

Sensitivity analysis for currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in the SGD, USD, Euro, RUB 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.

The Group		2023		2022	
		Profit net of tax RMB'000	Equity RMB'000	Profit net of tax RMB'000	Equity RMB'000
SGD	- strengthened 5% (2022 - 5%)	(98)	(98)	(243)	(243)
	- weakened 5% (2022 - 5%)	98	98	243	243
USD	- strengthened 5% (2022 - 5%)	(133)	(133)	2,062	2,062
	- weakened 5% (2022 - 5%)	133	133	(2,062)	(2,062)
Euro	- strengthened 5% (2022 - 5%)	94	94	389	389
	- weakened 5% (2022 - 5%)	(94)	(94)	(389)	(389)
RUB	- strengthened 5% (2022 - 5%)	–	–	16	16
	- weakened 5% (2022 - 5%)	–	–	(16)	(16)

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For the financial year ended 31 March 2023

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

31.2 Currency risk (Cont'd)

Sensitivity analysis for currency risk (Cont'd)

The Company		2023		2022	
		Profit net of tax RMB'000	Equity RMB'000	Profit net of tax RMB'000	Equity RMB'000
SGD	- strengthened 5% (2022 - 5%)	1,249	1,249	1,088	1,088
	- weakened 5% (2022 - 5%)	(1,249)	(1,249)	(1,088)	(1,088)
USD	- strengthened 5% (2022 - 5%)	2	2	80	80
	- weakened 5% (2022 - 5%)	(2)	(2)	(80)	(80)
HKD	- strengthened 5% (2022 - 5%)	-	-	190	190
	- weakened 5% (2022 - 5%)	-	-	(190)	(190)

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.

31.3 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and
- High credit quality counterparties rating by external credit rating companies.

The Group's exposure to credit risk arises primarily from trade and other receivables, amount owing by related parties, amount owing by a corporate shareholder of a subsidiary and bank balances. Cash is held with reputable financial institutions. For trade receivables, the Group adopt the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

For sale of tower cranes 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 up to 180 days from the date of invoice.

For the Group's overseas sale of tower cranes, 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 2023, the five largest trade receivables represent approximately 33% (2022 - 31%) of the total trade receivables at the end of the reporting period. No other financial assets carry a significant exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

31.3 Credit risk (Cont'd)

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

	31 March 2023	31 March 2022
	RMB'000	RMB'000
The Group		
The PRC	413,334	359,471
Singapore	38,300	69,470
Hong Kong and Macau	66,154	57,996
Other countries	3,121	44,299
	520,909	531,236

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

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for financial guarantees provided by the Group to subsidiaries. The Group's policy is to provide financial guarantees only to subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantee (see Note 17) at the reporting date if the facilities are fully drawn down by the subsidiaries is RMB214,553,000 (2022 - RMB158,122,000). 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 guarantee. The Company expects the credit loss for intra-group financial guarantees to be immaterial.

The Group's major classes of financial assets are bank deposits, trade receivables, amounts owing by related parties and a corporate shareholder of a subsidiary. Cash is held with banks of good standing.

Trade receivables

The Group assesses the ECL associated with its trade receivables on a forward-looking basis and historical information which is used for any significant increase in credit risk. A provision for impairment is made for the lifetime ECL on initial recognition of the receivable. These assessments are made on a customer by customer basis.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	There has been a significant increase in credit risk; significant increase in credit risk is presumed if amount >30 days past due.	Lifetime ECL - not credit-impaired
In default	Amounts past due and evidence indicating the asset is credit impaired; extension of repayment date.	Lifetime ECL - credit-impaired
Write-off	There is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.	Amount is written off

12-month ECL loss rates are adjusted based on the unemployment rate in the PRC given the economic uncertainty in so far as the collectability of debt is concerned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

31.3 Credit risk (Cont'd)

Trade receivables (Cont'd)

Where the receivables are written off, the Group and the Company continue to engage in enforcement activity to attempt to recover the receivables due.

To limit the Group's exposure to credit risk on trade receivables, the Group assesses internally, the size of the deposit that is required from the customers at inception. In general, these deposits represent up to 30% of sale contract price.

The Group uses forward-looking macroeconomic factor in assessing ECL. The Group monitors changes in credit risk by tracking published default rates. To determine whether published default rates remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing available press and regulatory information. Lifetime ECL are measured using the probability of default approach. Lifetime probabilities of default are based on historical data and are recalibrated by evaluating a range of possible outcomes which includes available information about current conditions and forecast of future economic conditions. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 100% except when a security is credit-impaired.

The movement in the allowance for impairment for trade receivables during the year is as follows:

	Trade receivables				Amounts owing by related parties - trade	
	12-month ECL RMB'000	Lifetime ECL - not credit impaired RMB'000	Lifetime ECL - credit impaired RMB'000	Sub-total RMB'000	Lifetime ECL - credit impaired RMB'000	Total RMB'000
The Group 2023						
Balance as at 1 April	11,734	3,715	13,872	29,321	5,266	34,587
Loss allowance recognised in profit or loss during the year on:						
- Originated	4,418	1,560	10,771	16,749	-	16,749
- Reversal of unutilised amount	(6,550)	-	(2,728)	(9,278)	-	(9,278)
- Changes in credit risk	-	-	4,600	4,600	-	4,600
- Others	161	-	-	161	-	161
Balance as at 31 March	9,763	5,275	26,515	41,553	5,266	46,819
2022						
Balance as at 1 April	3,590	2,511	17,098	23,199	-	23,199
Loss allowance recognised in profit or loss during the year on:						
- Originated	9,113	2,010	1,573	12,696	5,266	17,962
- Reversal of unutilised amount	(924)	(806)	(7,166)	(8,896)	-	(8,896)
- Changes in credit risk	-	-	2,367	2,367	-	2,367
- Others	(45)	-	-	(45)	-	(45)
Balance as at 31 March	11,734	3,715	13,872	29,321	5,266	34,587

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

31.3 Credit risk (Cont'd)

Trade receivables (Cont'd)

The following tables provide information about the exposure to credit risk and ECLs for trade receivables:

The Group 2023	Weighted average loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000	Credit impaired
<u>Trade receivables</u>				
Category: performing	5.3	83,355	4,418	No
Category: doubtful	7.1	330,852	23,461	No
Category: in default	100.0	13,674	13,674	Yes
		427,881	41,553	
<u>Amounts owing by related parties - trade</u>				
Category: in default	100.0	5,266	5,266	Yes
		433,147	46,819	
2022				
<u>Trade receivables</u>				
Category: performing	5.8	125,747	7,293	No
Category: doubtful	7.2	244,961	17,714	No
Category: in default	100.0	4,314	4,314	Yes
		375,022	29,321	
<u>Amounts owing by related parties - trade</u>				
Category: in default	100.0	5,266	5,266	Yes
		380,288	34,587	

Other financial assets

Cash and cash equivalents, non-trade amount owing by related parties and other receivables are subject to immaterial credit loss.

The Company

The Company is not exposed to significant expected credit losses on its bank balances, amount owing by subsidiaries and trade and other receivables. No adjustment has been made to the allowance for trade and other receivables and amount owing by subsidiaries as the amount to be adjusted is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

31.4 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.

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

		Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
The Group					
At 31 March 2023					
Trade and other payables		483,754	6,272	4,851	494,877
Borrowings		348,405	3,357	–	351,762
Amounts owing to related parties		12,651	–	–	12,651
Amount owing to a corporate shareholder of a subsidiary		1,703	–	–	1,703
Corporate guarantees		139,049	–	–	139,049
		985,562	9,629	4,851	1,000,042
At 31 March 2022					
Trade and other payables		387,962	6,936	5,532	400,430
Borrowings		306,504	10,872	–	317,376
Amounts owing to related parties		7,594	–	–	7,594
Amount owing to a corporate shareholder of a subsidiary		1,579	–	–	1,579
Corporate guarantees		106,950	–	–	106,950
		810,589	17,808	5,532	833,929
The Company					
	Note	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 March 2023					
Trade and other payables		5,072	–	–	5,072
Corporate guarantees		31.3 214,553	–	–	214,553
		219,625	–	–	219,625
At 31 March 2022					
Trade and other payables		5,008	–	–	5,008
Corporate guarantees		31.3 158,122	–	–	158,122
		163,130	–	–	163,130

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

31.5 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 are exposed to market price risks arising from the fair value of its unquoted investment in THEC which is made reference to the market price of the main underlying asset held by THEC (Note 7). The financial assets, at FVOCI are held for strategic rather than trading purposes. The Group does not actively trade equity investments.

32 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 tower cranes and tower crane components and accessories

Hong Kong and Macau : Engaged predominantly in the rental and servicing, with some sale of tower cranes and tower crane components and accessories

Other segments included corporate functions and the sale and servicing of tower cranes and tower crane 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 SFRS(I) 8 for reportable segments. The results of these operations are included in the "All other segments" column.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

32 Operating segments (Cont'd)

2023	The PRC RMB'000	Hong Kong and Macau RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Total segment sales	991,030	181,798	253,074	1,425,902
Inter-segment sales	(504,059)	173	(6,300)	(510,186)
Sales to external parties	486,971	181,971	246,774	915,716
Comprises:				
Sale of manufactured tower cranes and tower crane components and accessories	440,261	6,664	217,313	664,238
Rental and service income	46,710	175,307	29,461	251,478
	486,971	181,971	246,774	915,716
Results				
Interest income	572	64	2,128	2,764
Depreciation expense	28,265	47,048	7,375	82,688
Interest expense	12,857	3,516	975	17,348
Allowance for expected credit loss, net	10,601	1,470	–	12,071
Share of loss of an associate	638	–	–	638
Reportable segment profit before taxation	1,424	24,674	41,918	68,016
Other segment information				
Reportable segment assets	1,351,078	292,668	353,640	1,997,386
Additions to property, plant and equipment	996	9,119	62	10,177
Reportable segment liabilities	743,417	88,270	164,270	995,957

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

32 Operating segments (Cont'd)

2022	The PRC RMB'000	Hong Kong and Macau RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Total segment sales	1,284,984	175,502	223,334	1,683,820
Inter-segment sales	(573,705)	2,957	(1,764)	(572,512)
Sales to external parties	711,279	178,459	221,570	1,111,308
Comprises:				
Sale of manufactured tower cranes and tower crane components and accessories	664,154	12,620	204,806	881,580
Rental and service income	47,125	165,839	16,764	229,728
	711,279	178,459	221,570	1,111,308
Results				
Interest income	752	–	–	752
Depreciation expense	26,769	40,066	3,282	70,117
Interest expense	15,260	1,484	264	17,008
Allowance for expected credit loss, net	9,736	1,697	–	11,433
Share of loss of an associate	406	–	–	406
Reportable segment profit before taxation	39,837	29,281	8,180	77,298
Other segment information				
Reportable segment assets	1,227,581	250,072	340,490	1,818,143
Additions to property, plant and equipment	14,481	16,585	55	31,121
Reportable segment liabilities	667,927	82,686	171,652	922,265

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 consolidated statement of profit or loss and other comprehensive income.

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items:

	2023 RMB'000	2022 RMB'000
Assets		
Total reportable segment assets	1,997,386	1,818,143
Investment in an associate under equity method	196	834
Deferred tax assets	32,668	28,188
GST or VAT receivables	1,053	9,732
Tax recoverable	2,174	–
Other tax receivables	723	683
Consolidated total assets	2,034,200	1,857,580
Liabilities		
Total reportable segment liabilities	995,957	922,265
Deferred tax liabilities	46,950	36,683
Current tax payable	3,129	8,491
Consolidated total liabilities	1,046,036	967,439

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

32 Operating segments (Cont'd)

Revenue information based on geographical location of customers is as follows:

	2023	2022
	RMB'000	RMB'000
The Group		
The PRC	402,234	559,704
Hong Kong and Macau	181,879	178,112
Singapore	209,522	194,755
Asia - others	8,504	7,030
Middle East	110,549	81,614
United States of America and Europe	2,980	89,973
Others	48	120
	915,716	1,111,308

Non-current assets¹ information based on geographical location is as follows:

	2023	2022
	RMB'000	RMB'000
The Group		
The PRC	349,147	332,063
Hong Kong and Macau	162,088	133,787
Others	63,042	60,883
	574,277	526,733

¹ Non-current assets exclude financial instruments, investment in an associate and deferred tax assets.

Information about major customers

Revenue of approximately RMB84,027,000 (2022 - RMB85,500,000) are derived from a single external customer who solely account for 9% or more of the Group's revenue. These revenues are attributable to the sales in the Asia-others segment.

33 Fair value measurement

Definition of fair value

SFRS(I)s 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

33 Fair value measurement (Cont'd)

Fair value measurement of financial instruments (Cont'd)

The Company and The Group	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 March 2023					
Assets					
Financial assets - FVOCI	7	–	–	110,442	110,442
At 31 March 2022					
Assets					
Financial assets - FVOCI	7	–	–	86,093	86,093

On 13 January 2021, THES which is substantially owned by THEC, was listed on the HKEX. The investment in THES comprise mainly the investment in quoted shares in THES and other unquoted equity investments which are dormant companies and have no transactions in the past three years. As to the extent of the fair value of the unquoted equity investments, management has assessed that:

- (i) for the receivable from Tat Hong group, there is no increase in credit risk; and
- (ii) there is no recoverable amount to the assets other than the cash in bank and liabilities are reported at current.

As THES is substantially owned by THEC which the Company holds 11.6% equity interest in, the Company measure the fair value based on revalued net asset value.

There were no transfers into or out of fair value hierarchy levels for financial years ended 31 March 2023 and 2022.

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measurements.

			2023	2022
	Unobservable inputs	Range of inputs ¹	Relationship of unobservable inputs to fair value	
Unquoted equity shares	Investment in quoted equity (THES)	HKD1.41	An increase (decrease) in 1% of the price movement, the decrease (increase) the fair value by RMB1,104,000	An increase (decrease) in 1% of the current liabilities will decrease (increase) the fair value by RMB861,000
	Discount for lack of marketability ("DLOM")	0%	An increase of 5% DLOM applied will decrease the fair value by RMB5,520,000	An increase in 5% DLOM applied will decrease the fair value by RMB4,300,000
	Control Premium	36.1%	An increase (decrease) in 1% of the control premium will decrease (increase) the fair value by RMB9,478,000	An increase (decrease) in 1% of the control premium will decrease (increase) the fair value by RMB8,062,000
	Discount for lack of control ("DLOC")	26.5%	An increase of 5% DLOC applied will decrease the fair value by RMB1,415,000	An increase of 5% DLOC applied will decrease the fair value by RMB1,217,000

¹ The Group's intention to hold this equity instrument for long-term appreciation as part of the Group's business model.

A control premium arises as THES is substantially owned by THEC which the Company holds 11.6% equity interest in. The DLOM and DLOC are applied to the 11.6% equity interest as the Company does not have direct control over THES.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

33 Fair value measurement (Cont'd)

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Company		The Group	
	31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
Financial assets				
Financial assets, at FVOCI	110,442	86,093	110,442	86,093
Trade and other receivables	74	67	520,909	531,236
Amounts owing by subsidiaries	27,276	33,691	–	–
Amounts owing by related parties	–	–	46,765	27,576
Cash and cash equivalents	6,071	1,812	249,795	198,490
Financial assets, at amortised costs	33,421	35,570	817,469	757,302
Trade and other payables	5,072	5,008	505,196	418,232
Borrowings	–	–	341,394	309,050
Amounts owing to related parties	–	–	12,651	7,594
Amounts owing to a corporate shareholder of a subsidiary	–	–	1,703	1,579
Financial liabilities, at amortised costs	5,072	5,008	860,944	736,455

34 Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern;
- to support the Group's stability and growth;
- to provide capital for the purpose of strengthening and the Group's risk management capability; and
- to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages 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 does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year. The Group is 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 2023 and 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

34 Capital management (Cont'd)

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The Group's policies are 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/advances from related parties, a corporate shareholder of a subsidiary less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

	31 March 2023	31 March 2022
The Group	RMB'000	RMB'000
Net debt	737,078	714,462
Total equity	911,185	825,969
Total capital	1,648,263	1,540,431
Gearing ratio	44.7%	46.4%

35 Contingent liabilities

Yongmao Machinery Pte. Ltd ("YMM")

On 10 February 2021, the Company announced that the Company and its wholly-owned subsidiary, YMM, on 8 February 2021 been served with a Writ of Summons and Statement of Claim (the "Writ") filed by CMNT Investment Pty Ltd ("CMNT"), an Australian company, in the Supreme Court of Queensland (the "Suit"). The Suit is in relation to an industrial incident that occurred in October 2018 involving a tower crane that YMM had sold to CMNT in July 2016.

CMNT has agreed to discontinue the claims against YMH where a release and discharge agreement was signed on 13 September 2022. CMNT has also filed a further amended statement of claim, which introduces new causes of action against YMM and claims:

- a) Damages in the sum of AUD\$3,227,459.46; and
- b) Interest, costs and any other order which the court deems appropriate.

As at the date of the financial statements, the Group are still continuing taking legal advice in relation to the suit and intent to vigorously defend the claims made by CMNT in the suit.

Yongmao Machinery (H.K.) Company Limited ("YMHK") and Easttime Engineering Limited ("EEL")

On 8 September 2022, the Group announced that an accident occurred involving a tower crane owned by the Company's 60% owned subsidiary, YMHK in the customer worksite in Sau Mau Ping, Hong Kong where the tower crane collapsed during operations and hit workers at the worksite resulted in the death of three workers and six other workers injured.

YMHK was the owner of the tower cranes while EEL was the operating company and employer of the staff involved in the accident.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

35 Contingent liabilities (Cont'd)

Yongmao Machinery (H.K.) Company Limited ("YMHK") and Easttime Engineering Limited ("EEL") (Cont'd)

On 22 March 2023, the Group disclosed that YMHK had since been served with 12 summonses ("orders") to appear before the magistrate on 30 June 2023 to answer to the alleged offences under:

- (a) Section 13(1) of the Factories and Industrial Undertakings Ordinance, Cap. 59 ("FIUO");
- (b) Regulations 4(b), 4(c), 4(d), 4(e) and 19(a) of the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations made under the Factories and Industrial Undertakings Ordinance, Cap. 59 ("FIU Regulations"); and
- (c) Section 7(1)(c) and 7(2) of the Occupational Safety and Health Ordinance, Cap. 509 ("OSHO").

On 3 April 2023, the Group disclosed that EEL had since been served with 12 summonses ("orders") to appear before the magistrate on 30 June 2023 to answer to the alleged offences under:

- (a) Section 6A(1), 6A(2)(a), 6A(2)(c) and 6A(3) of the FIUO;
- (b) Regulations 4(b), 4(c), 4(d), 4(e) and 19(a) of the FIU Regulations; and
- (c) Section 7(1)(c) and 7(2) of the OSHO.

As of the date of this report, the Group have not been provided with the prosecution documents and exhibits relied on by the Prosecution for consideration. The hearing date for the case is set on 30 June 2023.

36 Subsequent event

On 1 April 2023, the Company has incorporated a wholly-owned subsidiary in Singapore under the name Suncrane Machinery Pte. Ltd. with registered and paid capital contribution of SGD1,000.

STATISTICS OF SHAREHOLDINGS

As at 19 June 2023

SHAREHOLDERS' INFORMATION

Total Number of Shares	:	88,749,997
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.83	60	0.00
100 - 1,000	110	30.39	65,100	0.07
1,001 - 10,000	177	48.90	734,017	0.83
10,001 - 1,000,000	68	18.78	7,043,397	7.94
1,000,001 AND ABOVE	4	1.10	80,907,423	91.16
TOTAL	362	100.00	88,749,997	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUN & TIAN INVESTMENT PTE LTD	50,942,870	57.40
2	TAT HONG HOLDINGS LTD	21,253,153	23.95
3	CITIBANK NOMINEES SINGAPORE PTE LTD	6,751,400	7.61
4	2G CAPITAL PTE LTD	1,960,000	2.21
5	RAFFLES NOMINEES (PTE.) LIMITED	966,950	1.09
6	SUN TIAN	841,900	0.95
7	CHIA KEE KOON	763,100	0.86
8	PHILLIP SECURITIES PTE LTD	467,050	0.53
9	DBS NOMINEES (PRIVATE) LIMITED	362,300	0.41
10	TAN ENG ANN	320,340	0.36
11	UOB KAY HIAN PRIVATE LIMITED	273,980	0.31
12	SEE BENG LIAN JANICE	170,000	0.19
13	TEO KHENG LIN (ZHANG QINGNING)	150,000	0.17
14	CHEN LAY GEOK	149,800	0.17
15	YAP SOON YONG	140,040	0.16
16	YING SIEW KHAY	139,448	0.16
17	HO KIM HONG	120,000	0.14
18	YAU KOK SAN	115,885	0.13
19	LEE SWEE KHIM	114,000	0.13
20	OH CHUN SIANG	108,000	0.12
	TOTAL	86,110,216	97.05

STATISTICS OF SHAREHOLDINGS

As at 19 June 2023

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Indirect Interest	%
Sun Zhao Lin ¹	–	–	50,942,870	57.40
Tian Ruo Nan ¹	66,600	0.08	50,942,870	57.40
Sun & Tian Investment Pte. Ltd.	50,942,870	57.40	–	–
Tat Hong Holdings Ltd	21,253,153	23.95	–	–
THSC Investments Pte. Ltd. ²	–	–	21,253,153	23.95
TH60 Investments Pte. Ltd. ³	–	–	21,253,153	23.95
Chwee Cheng & Sons Pte Ltd ³	–	–	21,253,153	23.95
Ng San Tiong Roland ⁴	–	–	21,253,153	23.95
Ng Sun Ho Tony ⁴	–	–	21,253,153	23.95
Ng San Wee David ⁴	–	–	21,253,153	23.95
Ng Sun Giam Roger ⁴	–	–	21,253,153	23.95
Augusta Investments Zero Pte. Ltd. ⁵	–	–	21,253,153	23.95
Augusta AB Holdco Pte. Ltd. ⁵	–	–	21,253,153	23.95
Augusta Fundco Pte. Ltd. ⁵	–	–	21,253,153	23.95
Augusta Fund 1, LP ⁶	–	–	21,253,153	23.95
Augusta GP Pte. Ltd. ⁶	–	–	21,253,153	23.95
Affirma Capital Managers (Singapore) Pte. Ltd. ⁶	–	–	21,253,153	23.95
Affirma Capital (Singapore) Pte. Ltd. ⁷	–	–	21,253,153	23.95
Affirma Capital Limited ⁷	–	–	21,253,153	23.95

The percentage of shareholding above is computed based on the total issued shares of 88,749,997 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) THSC Investments Pte. Ltd. (“**THSC**”) owns 100% interest in Tat Hong Holdings Ltd (“**THH**”). Accordingly, THSC is deemed to be interested in the shares of the Company held by THH.
- (3) TH60 Investments Pte. Ltd. (“**TH60**”) owns approximately 70.8% interest in THSC, which in turn is wholly owned by Chwee Cheng & Sons Pte Ltd (“**CCSPL**”). Accordingly, each of TH60 and CCSPL is deemed to be interested in the shares of the Company held by THH.
- (4) Pursuant to the terms of a trust deed dated 29 July 1997 (as amended) (the “**Trust Deed**”), Mr Ng San Tiong Roland and his brothers, Messrs Ng Sun Ho Tony, Ng San Wee David and Ng Sun Giam Roger, are joint trustees of the Chwee Cheng Trust (collectively, the “**Trustees**”) constituted under the Trust Deed and which owns approximately 39.50% of CCSPL. As Trustees, each Trustee has a deemed interest in the shares of CCSPL held by Chwee Cheng Trust and accordingly, is deemed to be interested in the shares of the Company held by THH.
- (5) Augusta Investments Zero Pte. Ltd. (“**Augusta Investments Zero**”), which owns approximately 29.2% interest in THSC, is wholly owned by Augusta AB Holdco Pte. Ltd. (“**Augusta AB**”), which in turn is wholly owned by Augusta Fundco Pte. Ltd. (“**Augusta Fundco**”). Accordingly, each of Augusta Investments Zero, Augusta AB and Augusta Fundco is deemed interested in the shares of the Company held by THH.
- (6) Augusta Fund 1, LP owns 100% interest in Augusta Fundco. Augusta GP Pte. Ltd. (“**Augusta GP**”) is the general partner of Augusta Fund 1, LP and Affirma Capital Managers (Singapore) Pte. Ltd. (“**Affirma Capital Managers**”) is the fund manager of Augusta Fund 1, LP. Accordingly, Augusta Fund 1, LP acts on the directions of Augusta GP and Affirma Capital Managers. As a result, each of Augusta Fund 1, LP, Augusta GP and Augusta Capital Managers is deemed interested in the shares of the Company held by THH.
- (7) Affirma Capital (Singapore) Pte. Ltd. (“**Affirma Singapore**”) owns 100% interest in each of Affirma Capital Managers and Augusta GP and in turn, Affirma Capital Limited (“**Affirma Capital**”) owns 100% interest in Affirma Singapore. Accordingly, each of Affirma Singapore and Affirma Capital is deemed interested in the shares of the Company held by THH.

PERCENTAGE OF SHAREHOLDING IN PUBLIC’S HANDS

14.65% 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 Friday, 28 July 2023 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statements and Audited Financial Statements of the Company and the Group for the year ended 31 March 2023 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend (tax exempt one-tier) of 1 Singapore cent per ordinary share and a special dividend (tax exempt one-tier) of 1 Singapore cent per ordinary share for the financial year ended 31 March 2023. **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Regulation 117 of the Constitution of the Company:
 - (i) Mr Sun Zhao Lin **(Resolution 3)**
 - (ii) Mr Hoon Chee Wai **(Resolution 4)**
4. To note the retirement of Mr Chua Kee Lock as Director of the Company who is retiring pursuant to Regulation 117 of the Constitution of the Company and will not be seeking for re-election.

Upon the retirement of Mr Chua Kee Lock, he will be relinquishing his position as Lead Independent Director, Chairman of Remuneration Committee, and a member of Nominating Committee and Audit Committee.
5. To approve the payment of Directors’ fees of S\$242,000 for the financial year ended 31 March 2023 (2022: S\$242,000). **(Resolution 5)**
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 6)**
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 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act 1967 (“**Companies Act**”) and Rule 806 of the Listing Manual of the 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

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

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 and subsidiary holdings) 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 and subsidiary holdings) 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 percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) 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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being 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, 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, whichever is earlier. **(Resolution 7)**

[See Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

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 13 July 2023 (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 8)**

[See Explanatory Note (ii)]

By Order of the Board

Siau Kuei Lian / Yap Soon Yong
Joint Company Secretaries

13 July 2023
Singapore

Explanatory Notes:

- (i) Resolution 7 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 and subsidiary holdings) 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 and subsidiary holdings) 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 which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) Resolution 8 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Yongmao Holdings Limited (the “**Company**”) will be closed on 18 August 2023 for the purpose of determining the entitlements to the first and final dividend (tax exempt one-tier) of 1 Singapore cent per ordinary share and special dividend (tax exempt one-tier) of 1 Singapore cent per ordinary share to be proposed at the Annual General Meeting (“**AGM**”) of the Company to be held on 28 July 2023.

Duly completed registrable transfers received by the Company’s Share Registrar, In.Corp Corporate Services Pte. Ltd. of 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, up to 5.00 p.m. on 17 August 2023 will be registered to determine members’ entitlements to the said dividends.

Members whose Securities Account with The Central Depository (Pte) Limited are credited with shares up to 5.00 p.m. on 17 August 2023 will be entitled to the proposed dividends.

The proposed payment of the dividends, if approved by the members at the AGM to be held on 28 July 2023, will be made on 5 September 2023.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) 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. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
3. 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 or by sending a scanned PDF copy via email to investor@yongmaoholdings.com, no later than 10.00 a.m. on 26 July 2023 being not less than forty-eight hours before the time appointed for holding the Meeting, failing which, the Proxy Form will not be treated as valid.
4. The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. A copy of the power of attorney or such other authority must be submitted together with the instrument appointing a proxy.
5. The Company shall be entitled to reject a Proxy Form which is invalid, incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form.

Submission of questions prior to the AGM

6. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations in advance of the AGM. To do so, all questions must be submitted no later than **10.00 a.m. on 20 July 2023** through any one of the following means: (a) in physical copy by depositing the same at the registered office of the Company at **81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830**; or (b) by email to investor@yongmaoholdings.com. The Company will endeavour to address substantial and relevant questions and will upload the Company’s responses to the queries from shareholders on the SGXNet and Company’s website by 21 July 2023.
7. If the questions are deposited in physical copy at the Company’s registered office or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member’s full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL 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.

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 28 July 2023 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 any 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, substantial 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, substantial 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, substantial or controlling shareholder and his immediate family together has an 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 company. The Exchange may determine that a person who satisfies this paragraph is not a controlling shareholder or in fact exercises control over a 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 names of the interested persons with whom 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.

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 tower cranes and tower crane 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.

APPENDIX

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.

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.

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.

APPENDIX

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 19 June 2023 are set out below:

Directors/Substantial Shareholders	Number of Shares		Number of Shares	
	Direct Interest	%	Deemed Interest	%
Sun Zhao Lin ¹	-	-	50,942,870	57.40
Tian Ruo Nan ¹	66,600	0.08	50,942,870	57.40
Ng San Tiong Roland ⁵	-	-	21,253,153	23.95
Sun Tian ²	841,900	0.95	-	-
Chua Kee Lock	-	-	-	-
Hoon Chee Wai	-	-	-	-
Steve Lai Mun Fook	-	-	-	-
Sun & Tian Investment Pte. Ltd.	50,942,870	57.40	-	-
Tat Hong Holdings Ltd	21,253,153	23.95	-	-
THSC Investments Pte. Ltd. ³	-	-	21,253,153	23.95
TH60 Investments Pte. Ltd. ⁴	-	-	21,253,153	23.95
Chwee Cheng & Sons Pte Ltd ⁴	-	-	21,253,153	23.95
Ng Sun Ho Tony ⁵	-	-	21,253,153	23.95
Ng San Wee David ⁵	-	-	21,253,153	23.95
Ng Sun Giam Roger ⁵	-	-	21,253,153	23.95
Augusta Investments Zero Pte. Ltd. ⁶	-	-	21,253,153	23.95
Augusta AB Holdco Pte. Ltd. ⁶	-	-	21,253,153	23.95
Augusta Fundco Pte. Ltd. ⁶	-	-	21,253,153	23.95
Augusta Fund 1, LP ⁷	-	-	21,253,153	23.95
Augusta GP Pte. Ltd. ⁷	-	-	21,253,153	23.95
Affirma Capital Managers (Singapore) Pte. Ltd. ⁷	-	-	21,253,153	23.95
Affirma Capital (Singapore) Pte. Ltd. ⁸	-	-	21,253,153	23.95
Affirma Capital Limited ⁸	-	-	21,253,153	23.95

The percentage of shareholding above is computed based on the total issued shares of 88,749,997 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 Mr Sun Tian is the son of Mr Sun Zhao Lin and Ms Tian Ruo Nan.
- 3 THSC Investments Pte. Ltd. ("**THSC**") owns 100% interest in Tat Hong Holdings Ltd ("**THH**"). Accordingly, THSC is deemed to be interested in the shares of the Company held by THH.
- 4 TH60 Investments Pte. Ltd. ("**TH60**") owns approximately 70.8% interest in THSC, which in turn is wholly owned by Chwee Cheng & Sons Pte Ltd ("**CCSPL**"). Accordingly, each of TH60 and CCSPL is deemed to be interested in the shares of the Company held by THH.
- 5 Pursuant to the terms of a trust deed dated 29 July 1997 (as amended) (the "**Trust Deed**"), Mr Ng San Tiong Roland and his brothers, Messrs Ng Sun Ho Tony, Ng San Wee David and Ng Sun Giam Roger, are joint trustees of the Chwee Cheng Trust (collectively, the "**Trustees**") constituted under the Trust Deed and which owns approximately 39.5% of CCSPL. As Trustees, each Trustee has a deemed interest in the shares of CCSPL held by Chwee Cheng Trust and accordingly, is deemed to be interested in the shares of the Company held by THH.

- 6 Augusta Investments Zero Pte. Ltd. (“**Augusta Investments Zero**”), which owns approximately 29.2% interest in THSC, is wholly owned by Augusta AB Holdco Pte. Ltd. (“**Augusta AB**”), which in turn is wholly owned by Augusta Fundco Pte. Ltd. (“**Augusta Fundco**”). Accordingly, each of Augusta Investments Zero, Augusta AB and Augusta Fundco is deemed interested in the shares of the Company held by THH.
- 7 Augusta Fund 1, LP owns 100% interest in Augusta Fundco. Augusta GP Pte. Ltd. (“**Augusta GP**”) is the general partner of Augusta Fund 1, LP, and Affirma Capital Managers (Singapore) Pte. Ltd. (“**Affirma Capital Managers**”) is the fund manager of Augusta Fund 1, LP. Accordingly, Augusta Fund 1, LP acts on the directions of Augusta GP and Affirma Capital Managers. As a result, each of Augusta Fund 1, LP, Augusta GP and Augusta Capital Managers is deemed interested in the shares of the Company held by THH.
- 8 Affirma Capital (Singapore) Pte. Ltd. (“**Affirma Singapore**”) owns 100% interest in each of Affirma Capital Managers and Augusta GP and in turn, Affirma Capital Limited (“**Affirma Capital**”) owns 100% interest in Affirma Singapore. Accordingly, each of Affirma Singapore and Affirma Capital is deemed interested in the shares of the Company held by THH.

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 Resolution 8.
- (ii) Mr Ng San Tiong who hold directorship and executive position in Tat Hong Group, and their respective associates will abstain from voting on Resolution 8.

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 Hoon Chee Wai 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 8, 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)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, at least seven (7) working days before the AGM, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name), _____ (NRIC/Passport No.)

of _____ (Address)

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(s) referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend and 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 Friday, 28 July 2023 at 10.00 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 (other than the Chairman of the Meeting) will vote or abstain from voting at his/her discretion. In appointing the Chairman of the Meeting as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, failing which the appointment will be treated as invalid.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*	No. of votes 'Abstain'*
Ordinary Business				
1	Directors' Statement and Audited Financial Statements for the year ended 31 March 2023			
2	Declaration of First and Final Dividend and Special Dividend for the financial year ended 31 March 2023			
3	Re-election of Mr Sun Zhao Lin as Director			
4	Re-election of Mr Hoon Chee Wai as Director			
5	Approval of Directors' fees amounting to S\$242,000 for the year ended 31 March 2023			
6	Re-appointment of Messrs Foo Kon Tan LLP as Auditors			
Special Business				
7	Authority to issue shares			
8	Renewal of Shareholders' Mandate for Interested Person Transactions			

* Voting will be conducted by poll. If you wish to exercise all your votes 'For', 'Against' or to 'Abstain' from voting, please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the proxy/proxies not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2023

Total number of Shares held

Signature of Shareholder(s)
and, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

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 81SF of the Securities and Futures Act 2001 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 shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), 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 member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number or class of shares shall be specified).
4. Subject to note 8, 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. This Proxy Form must be submitted through any one of the following means: (a) by depositing a physical copy at the registered office of the Company at **81 Ubi Avenue 4, #09-01 UB. One, Singapore 408830**; or (b) by sending a scanned PDF copy via email to investor@yongmaoholdings.com, in either case, no later than **10.00 a.m. on 26 July 2023**, and failing which, this Proxy Form will not be treated as valid.
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 with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, at least seven (7) working days before the AGM, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 13 July 2023.

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 name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

200510649K

REGISTERED OFFICE

81 Ubi Avenue 4
#09-01 UB. One
Singapore 408830

DIRECTORS

Sun Zhao Lin
Sun Tian (also alternate to Sun Zhao Lin)
Tian Ruo Nan
Ng San Tiong
Chua Kee Lock
Hoon Chee Wai
Dr Steve Lai Mun Fook

AUDIT COMMITTEE

Hoon Chee Wai (Chairman)
Chua Kee Lock
Dr Steve Lai Mun Fook

REMUNERATION COMMITTEE

Chua Kee Lock (Chairman)
Hoon Chee Wai
Dr Steve Lai Mun Fook

NOMINATING COMMITTEE

Dr Steve Lai Mun Fook (Chairman)
Chua Kee Lock
Hoon Chee Wai

JOINT COMPANY SECRETARIES

Siau Kuei Lian
Yap Soon Yong

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
1 Raffles Place
#04-61 One Raffles
Place Tower 2
Singapore 048616

Partner-in-charge: Yeo Boon Chye
(appointed since financial year ended 31 March 2020)





Yongmao Holdings Limited

(Incorporated in the Republic of Singapore on 3 August 2005)
(Company Registration No: 200510649K)

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