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Yun Lee Marine Group Holdings Limited
潤利海事集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2682)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024

HIGHLIGHTS

- The net profit for the year attributable to owners of the Company has decreased by 12.3%, from approximately HK\$36,011,000 for the year ended 31 March 2023 to approximately HK\$31,584,000 for the year ended 31 March 2024.
- Basic earnings per share for the year ended 31 March 2024 was approximately HK3.16 cents (2023: HK3.60 cents).
- The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per ordinary share in respect of the year ended 31 March 2024 (2023: HK1.8 cents). The proposed final dividend which totals HK\$10,000,000 (2023: HK\$18,000,000), if approved at the forthcoming annual general meeting, will be paid on 26 September 2024 to the shareholders on the register of members as at 5 September 2024.

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yun Lee Marine Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3	334,604	239,876
Cost of revenue		<u>(245,194)</u>	<u>(154,424)</u>
Gross profit		89,410	85,452
Other income	4	2,667	4,734
Other gains and losses, net	5	11,203	(534)
Impairment loss under expected credit loss model, net of reversal		311	3,863
Administrative expenses		(68,413)	(43,338)
Finance costs	6	(824)	(60)
Share of results of associates		<u>277</u>	<u>(1,047)</u>
Profit before taxation		34,631	49,070
Income tax expenses	7	<u>(5,095)</u>	<u>(7,615)</u>
Profit for the year	8	<u>29,536</u>	<u>41,455</u>
Profit (loss) for the year attributable to:			
– owners of the Company		31,584	36,011
– non-controlling interests		<u>(2,048)</u>	<u>5,444</u>
		<u>29,536</u>	<u>41,455</u>
Earnings per share – Basic (HK cents)	10	<u>3.16</u>	<u>3.60</u>

	2024	2023
	HK\$'000	HK\$'000
Profit for the year	29,536	41,455
Other comprehensive income for the year		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on the translation of foreign operations	<u>1</u>	<u>—</u>
Total comprehensive income for the year	<u>29,537</u>	<u>41,455</u>
Total comprehensive income (expense) for the year attributable to		
– owners of the Company	31,585	36,011
– non-controlling interests	<u>(2,048)</u>	<u>5,444</u>
	<u>29,537</u>	<u>41,455</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		126,707	124,943
Right-of-use assets		11,518	3,997
Interests in associates		3,434	3,997
Other non-current asset		3,100	3,100
Goodwill	11	25,400	—
Intangible asset		8,491	—
Financial asset at fair value through profit or loss ("FVTPL")		2,628	—
Rental deposits		457	238
Deposit for acquisition of additional equity interest in an associate		—	5,950
Deferred tax assets		1,320	1,272
		183,055	143,497
Current assets			
Trade and other receivables	12	71,380	50,890
Contract assets		52,192	—
Amount due from an associate		10	—
Tax recoverable		1,534	2,249
Time deposits		58,134	75,702
Cash and cash equivalents		76,577	67,714
		259,827	196,555
Current liabilities			
Trade and other payables	13	56,102	32,195
Promissory note payable		12,422	—
Amounts due to associates		—	316
Amounts due to non-controlling shareholders of subsidiaries		42,088	4,900
Bank and other borrowings		8,296	—
Lease liabilities		5,256	898
Tax payables		7,358	261
		131,522	38,570
Net current assets		128,305	157,985
Total assets less current liabilities		311,360	301,482

	Note	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Bank and other borrowings		199	—
Lease liabilities		6,504	3,117
Deferred tax liabilities		15,413	14,163
		<u>22,116</u>	<u>17,280</u>
Net assets		<u>289,244</u>	<u>284,202</u>
Capital and reserves			
Share capital	14	10,000	10,000
Reserves		254,973	241,388
		<u>264,973</u>	<u>251,388</u>
Equity attributable to owners of the Company		264,973	251,388
Non-controlling interests		24,271	32,814
		<u>289,244</u>	<u>284,202</u>
Total equity		<u>289,244</u>	<u>284,202</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 21 February 2018. Its immediate and ultimate holding company is Kitling Investments (BVI) Limited (“**Kitling (BVI)**”). The ultimate controlling shareholders of the Company and its subsidiaries (the “**Group**”) are Mr. Wen Tsz Kit Bondy (“**Mr. Wen**”) and Ms. Chan Sau Ling Amy (“**Ms. Chan**”), the spouse of Mr. Wen (collectively as “**the Controlling Shareholders**”). The address of the registered office of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The principal place of business of the Company is Flat D, 31/F., Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are provision of (i) vessel chartering and related services; (ii) ship management services; and (iii) marine construction services in Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from provision of vessel chartering and related services and ship management services.

Information reported to the executive director of the Company, Mr. Wen Tsz Kit Bondy (“**Mr. Wen**”), being the chief operating decision maker (the “**CODM**”) of the Group, for the purposes of resource allocation and assessment of segment performance focuses on types of service provided. The Group’s operating segments are previously classified as (i) vessel chartering and related services; and (ii) ship management services. To cope with the Group’s recent business development in marine construction services, the information reported to the CODM regarding to marine construction services is newly added as an operating and reportable segment, resulting in changes to the presentation of the Group’s operating and reportable segments on the Group’s segment revenue and results. Figures in the segment information for and as at year ended 31 March 2023 have been re-presented for comparative purposes.

- | | |
|---|---|
| (i) Vessel chartering and related services: | The Group provides vessel chartering services mainly to contractors for construction projects in Hong Kong, including time chartering representing the hiring of vessel and crew for a specific period of time and voyage chartering representing the hiring of vessel and crew for a specific voyage between two designated locations. |
| (ii) Ship management services: | The Group provides ship management services for two vessels which transport the dewatered sludge from Stonecutters Island and other designated sites to the sludge treatment facilities located at Nim Wan, Tuen Mun. The Group is responsible for the provision of crew members for daily operation and the repair and maintenance services. |
| (iii) Marine construction services: | The Group provides marine construction and engineering services and mainly to contractors for marine construction projects in Hong Kong. |

These operating segments also represent the Group’s reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Year ended 31 March 2024

	Vessel chartering and related services HK\$'000	Ship management services HK\$'000	Marine construction services HK\$'000	Eliminations HK\$'000	Total HK\$'000
SEGMENT REVENUE					
External revenue	145,475	26,379	162,750	—	334,604
Inter-segment revenue	<u>13,413</u>	<u>—</u>	<u>1,448</u>	<u>(14,861)</u>	<u>—</u>
Total	<u>158,888</u>	<u>26,379</u>	<u>164,198</u>	<u>(14,861)</u>	<u>334,604</u>
Segment profit	<u>63,221</u>	<u>12,084</u>	<u>14,416</u>	<u>—</u>	89,721
Other income					2,667
Other gains and losses					11,203
Administrative expenses					(68,413)
Finance costs					(824)
Share of results of an associate					<u>277</u>
Profit before taxation					<u>34,631</u>

Year ended 31 March 2023

	Vessel				
	chartering	Ship	Marine		
	and related	management	construction	Eliminations	Total
	services	services	services		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT REVENUE					
External revenue	213,924	25,952	—	—	239,876
Inter-segment revenue	—	—	—	—	—
Segment profit	<u>77,841</u>	<u>11,474</u>	<u>—</u>	<u>—</u>	89,315
Other income					4,734
Other gains and losses					(534)
Administrative expenses					(43,338)
Finance costs					(60)
Share of results of associates					<u>(1,047)</u>
Profit before taxation					<u>49,070</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits represents the profit before taxation earned by each segment without allocation of share of result of an associate, other income, other gains and losses, administrative expenses and finance costs. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment.

Except as disclosed above, no other amounts are regularly provided to the CODM of the Group and therefore, no further analysis is presented.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group on making decision for resource allocation and performance assessment.

4. OTHER INCOME

	2024	2023
	HK\$'000	HK\$'000
Interest income from banks	1,870	1,135
Management fee income	360	360
Government grants (Note)	—	2,790
Others	437	449
	<u>2,667</u>	<u>4,734</u>

Note: For the year ended 31 March 2023, the Group recognised the government grants of HK\$2,790,000 relates to Employment Support Scheme provided by the Hong Kong Government.

5. OTHER GAINS AND LOSSES, NET

	2024	2023
	HK\$'000	HK\$'000
Loss on disposal of property, plant and equipment	(21)	(539)
Fair value change of financial asset at FVTPL	(406)	—
Gain on deemed disposal of equity interest of an associate	11,900	—
Exchange loss	(272)	—
Others	2	5
	<u>11,203</u>	<u>(534)</u>

6. FINANCE COSTS

	2024	2023
	HK\$'000	HK\$'000
Interest on bank and other borrowings	322	—
Interest on lease liabilities	502	60
	<u>824</u>	<u>60</u>

7. INCOME TAX EXPENSES

	2024	2023
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
– Current year	4,415	4,094
– Underprovision in prior year	—	307
	<u>4,415</u>	<u>4,401</u>
Deferred tax		
Current year	680	3,214
	<u>5,095</u>	<u>7,615</u>

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2024	2023
	HK\$'000	HK\$'000
Profit and total comprehensive income for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
– Salaries and other allowances	102,637	67,676
– Retirement benefit scheme contributions	2,930	2,037
Total staff costs	<u>105,567</u>	<u>69,713</u>
Amortisation of an intangible asset	2,830	—
Depreciation of property, plant and equipment	11,691	8,116
Depreciation of right-of-use assets	5,424	1,994
Auditor's remuneration	<u>1,500</u>	<u>2,213</u>

9. DIVIDENDS

	2024	2023
	HK\$'000	HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Final - HK1.8 cents (2022 Final: HK2.0 cents)	<u>18,000</u>	<u>20,000</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of HK1.0 cent (2023: HK1.8 cents) per ordinary shares, in an aggregate amount of HK\$10,000,000 (2023: HK\$18,000,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2024	2023
Earnings:		
Profit for the year attributable to owners of the Company for purpose of basic earnings per share (HK\$'000)	<u>31,584</u>	<u>36,011</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	<u>1,000,000</u>	<u>1,000,000</u>

No diluted earnings per share is presented for both years as there was no potential ordinary share in issue.

11. BUSINESS COMBINATION

On 13 January 2023, the Group entered into a sale and purchase agreement to acquire additional 34% of equity interest from two shareholders of Yun Lee (Tim Kee) Marine Construction Limited (the “Vendors”) at a total consideration of HK\$23,800,000. The Group is required to pay to the Vendors a total amount of HK\$11,900,000 in cash up to the completion date and the remaining balance of HK\$11,900,000 was settled by promissory note. The promissory note has an interest of 5% per annum with a maturity date of 12 months from the completion date.

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK\$'000	HK\$'000
Trade receivables		
– Third parties	62,847	43,825
– Associates	—	2,861
	<u>62,847</u>	<u>46,686</u>
Less: Allowance of credit loss	(1,501)	(1,399)
	<u>61,346</u>	45,287
Other receivables		
– Prepayments	7,684	2,614
– Deposits	1,579	8,226
– Rental deposits	1,090	941
– Others	138	10
	<u>71,837</u>	57,078
Less: Rental deposits shown under non-current asset	(457)	(238)
Deposit for acquisition of an associate	—	(5,950)
	<u>71,380</u>	<u>50,890</u>

The Group allows a credit period of 30 to 90 days (2023: 30 to 90 days) to its trade customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. As at 1 April 2023, trade receivables from contracts with customers amounted to HK\$129,517,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2024	2023
	HK\$'000	HK\$'000
Within 30 days	32,044	14,924
31 to 60 days	10,068	14,180
61 to 90 days	5,446	8,430
91 to 120 days	5,039	3,104
Over 120 days	8,749	4,649
	61,346	45,287

13. TRADE AND OTHER PAYABLES

	2024	2023
	HK\$'000	HK\$'000
Trade payables	35,882	16,509
Accrued expenses	19,516	14,473
Deposits received and others	704	1,213
Total trade and other payables	56,102	32,195

The credit period of trade payables is from 30 to 60 days from the invoice date.

The following is an aged analysis of trade payables based on the invoice date at the end of each reporting period.

	2024	2023
	HK\$'000	HK\$'000
Within 30 days	13,643	7,150
31 to 60 days	12,404	4,296
61 to 90 days	1,717	1,578
91 to 120 days	197	1,414
Over 120 days	7,921	2,071
	<u>35,882</u>	<u>16,509</u>

14. SHARE CAPITAL

	Number of shares	Amount HK\$	Shown as HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised			
At 1 April 2022, 31 March 2023 and 31 March 2024	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>N/A</u>
Issued and fully paid			
At 1 April 2022, 31 March 2023 and 31 March 2024	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a maritime services provider in Hong Kong with over 20 years of operating history. The principle activities of the Group are provision of (i) vessel chartering and related services; (ii) ship management services; and (iii) marine construction services in Hong Kong. The Group's vessel chartering and related services include (i) time charter services; (ii) voyage charter services; and (iii) other related services, such as provision of crew members, maritime consultation services and vessel repair and maintenance services. The Group provided its time charter and voyage charter services through its vessel fleet, which comprises (i) 57 self-owned vessels and (ii) vessels chartered from third-party vessel suppliers from time to time. The Group's marine construction services include marine construction and engineering services provided mainly to contractors for marine construction projects in Hong Kong.

The shares of the Company had successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 March 2019 (the "**Listing**").

During the year, the Group provided its vessel chartering and related services mainly to the marine construction contractors of several marine infrastructure projects in Hong Kong, including the Three-Runway System project in the Hong Kong International Airport ("**3RS Project**"), Integrated Waste Management Facilities Phase 1 project in Shek Kwu Chau ("**IWMF Project**"), Hong Kong offshore LNG terminal project and other short-term marine services projects.

BUSINESS PROSPECTS

As there are numbers of high-profile development projects and infrastructure projects related to marine construction works initiated by the government of Hong Kong which reached their final stage in recent years, management of the Group expects the demand of the Group's vessel chartering and related services for these marine construction projects would diminish gradually. On the other hand, for marine construction services, the Acquisition allows the Group to capitalise on the majority of the duration and revenue of two subcontracts marine construction agreements (the “**Sub-contracts**”) with contract sum of approximately HK\$540 million, providing the Group with a long-term, stable and major customer until March 2027 which are expected to contribute to the Group's revenue in the future. The Group will continue to invest in its vessel fleet and identify other opportunities in order to capture such business opportunities.

Hong Kong has a long coastal line and the Government of Hong Kong SAR (the “**Government**”) is dedicated to improving the infrastructure of Hong Kong. As a result, the Directors believe that the long term outlook of the local marine construction market remains promising. The Company is in constant contact with the relevant departments within the government setup and are constantly being updated on the Government's directions.

Overall speaking, management of the Group is cautiously optimistic about the on-going growth of revenue and profits from the Group's vessel leasing and related services, ship management and marine construction business in the short coming future.

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately 39.5%, from HK\$239,876,000 for the year ended 31 March 2023 to HK\$334,604,000 for the year ended 31 March 2024. Such increase was mainly attributed by a net effect of (i) the decreased revenue of vessel chartering and related services a result of the completion of certain significant and long-term contracts and decrease in the demands for the Group's overall vessel chartering and related services from other short term marine services projects during the year; and (ii) the increased revenue caused by introduction of marine construction services to the Group contributed from YLTK Group after the Acquisition.

Cost of revenue

The Group's cost of revenue primarily consists of vessel chartering costs, staff costs and related expenses, subcontracting fees, repair and maintenance expenses, fuel costs, depreciation expenses, and other costs. The cost of revenue increased by approximately 58.8%, from HK\$154,424,000 for the year ended 31 March 2023 to HK\$245,194,000 for the year ended 31 March 2024, which was mainly represented by a net effect of (i) the decreased vessel chartering expenses payable to third-party vessel suppliers and other costs related to services rendered to short term marine services projects; and (ii) the increased construction and engineering costs of the marine construction projects contributed by YLTK Group after the Acquisition during the year.

Gross profit and gross profit margins

The Group's gross profit increased by approximately 4.6%, from HK\$85,452,000 for the year ended 31 March 2023 to HK\$89,410,000 for the year ended 31 March 2024. Meanwhile, the Group's gross profit margin decreased by approximately 8.9 percentage point from approximately 35.6% for the year ended 31 March 2023 to approximately 26.7% for the year ended 31 March 2024, which was mainly due to combined effect of (i) the aforesaid decrease in the provision of third-party owned vessels, which generated relatively lower gross profit margin than the Group's self-owned vessels; and (ii) the lower gross profit margin of approximately 8.8% contributed by marine construction services segment after the Acquisition as a result of significant upfront costs incurred during the earlier stage of the Subcontracts during the year.

Other income

The Group's other income decreased by approximately 43.7%, from HK\$4,734,000 for the year ended 31 March 2023 to HK\$2,667,000 for the year ended 31 March 2024. During the prior year, the Group recognised government grants of HK\$2,790,000 in respect of COVID-19-related which relates to Employment Support Scheme provided by the Hong Kong government.

Other gains and losses

The Group's other gains increased from other losses of HK\$534,000 for the year ended 31 March 2023 to other gains of HK\$11,203,000 for the year ended 31 March 2024. Such increase mainly due to one-off gain on deemed disposal of equity interest of YLTK for the current year.

Administrative expenses

The Group's administrative expenses increased by approximately 57.9%, from HK\$43,338,000 for the year ended 31 March 2023 to HK\$68,413,000 for the year ended 31 March 2024, which was mainly attributable by a combined effect of (i) the increase in the staff costs; (ii) the increase in amortisation charge of intangible assets of HK\$2,830,000 as a result of business combination of YLTK during the year, and (iii) the increase in administrative expenses contributed by YLTK Group after the Acquisition during the year.

Finance costs

The Group's finance costs increased from HK\$60,000 for the year ended 31 March 2023 to HK\$824,000 for the year ended 31 March 2024, which was attributable by a combined effect of (i) the recognition of interest expenses from the new leases on lease liabilities; and (ii) increased interest expenses of bank and other borrowings contributed by YLTK Group after the Acquisition.

Share of results of associates

The Group recorded share of profits from associates of HK\$277,000 during the year ended 31 March 2024 (2023: share of losses of HK\$1,047,000). Such change mainly represented by the share of profit of Eastlink Marine Services Limited.

Income tax expenses

For the year ended 31 March 2024, the Group's income tax expenses were HK\$5,095,000 (2023: HK\$7,615,000), and the effective tax rate was approximately 14.7% (2023: approximately 15.5%).

Profit and total comprehensive income for the year attributable to owners of the Company

As a result of the foregoing, the Group's profit for the year attributable to owners of the Company decreased by approximately 12.3%, from HK\$36,011,000 for the year ended 31 March 2023 to HK\$31,584,000 for the year ended 31 March 2024. Basic earnings per share attributable to owners of the Company decreased from approximately HK3.60 cents for the year ended 31 March 2023 to approximately HK3.16 cents for the year ended 31 March 2024.

Dividend

The Board has resolved to recommend the payment of a final dividend of HK1.0 cent per ordinary share in respect of the year ended 31 March 2024 (2023: HK1.8 cents). The proposed final dividend which totals HK\$10,000,000 (2023: HK\$18,000,000), if approved at the forthcoming annual general meeting, will be paid on 26 September 2024 to the shareholders on the register of members as at 5 September 2024.

Trade and other receivables

The Group's trade and other receivables were increased by approximately 40.5%, from HK\$51,128,000 as at 31 March 2023 to HK\$71,837,000 as at 31 March 2024.

The Group's trade receivables turnover days decreased from approximately 133.0 days for the year ended 31 March 2023 to approximately 58.2 days for the year ended 31 March 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had net current assets of HK\$128,305,000 as at 31 March 2024 (2023: HK\$157,985,000). The Group's current ratio recorded an decreased from approximately 5.1 as at 31 March 2023 to approximately 2.0 as at 31 March 2024.

Gearing ratio is calculated based on the interest bearing borrowings excluding lease liabilities divided by total equity and multiplied by 100% at the respective reporting date. As at 31 March 2024, the Group's gearing ratio was approximately 7.23% (2023: nil), as there were no debt as at 31 March 2023.

Following the Listing, the Group's operations were mainly financed by internal resources including but not limited to existing cash and cash equivalents, cash flow from its operating activities and the net proceeds generated from the Listing. The Board believes that the Group's liquidity needs will be satisfied. With strengthened liquidity position, the Group is able to expand in accordance with its business strategy.

Details of the Company's share capital are set out in note 14 to this announcement.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of HK\$2,748,000 during the year ended 31 March 2024 (2023: HK\$32,778,000), mainly represented the addition of leasehold improvements and vessels.

CAPITAL COMMITMENTS

As at 31 March 2024, save as disclosed elsewhere in this announcement, the Group had no significant capital commitments (2023: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 13 January 2023, the Group entered into a sale and purchase agreement to acquire additional 34% of equity interests from two shareholders of YLTK at a total consideration of HK\$23,800,000. The Group was required to pay to the Vendors a total amount of HK\$11,900,000 in cash up to the completion date and the remaining balance of HK\$11,900,000 was settled by promissory note payable. The promissory note carries an interest of 5% per annum with a maturity date of 12 months from the completion date.

According to the sales and purchase agreement, each of the Vendors severally guaranteed that the aggregate audited net profits attributable to the owners of YLTK for the financial years ending 31 March 2024, 2025, and 2026 shall not be less than HK\$70,000,000. In the event of shortfall, each of the Vendors severally undertakes to pay 17% of each shortfall within 30 days after the issuance of the audited financial statements for the financial year ending 31 March 2026. Prior to the Acquisition, the Group holds 17% equity interest in YLTK and is classified as an associate of the Group. On 2 May 2023, the Acquisition was completed and the Group holds 51% equity interest in YLTK and YLTK has become a non-wholly owned subsidiary of the Company.

Save as disclosed elsewhere in this announcement, the Group did not conduct any significant investment, material acquisition and disposal of subsidiaries during the year.

CONTINGENT LIABILITIES

As at 31 March 2024, save as disclosed elsewhere in this announcement, the Group did not have any significant contingent liabilities (2023: nil).

PLEDGE OF ASSETS

At 31 March 2024, bank and other borrowings and lease liabilities of HK\$5,470,000 are secured by mortgages over the equipment with an aggregate carrying value of HK\$5,457,000.

Save as disclosed elsewhere in this announcement, the Group had no other material pledge of assets at 31 March 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there were no significant events affecting the Company nor any of its subsidiaries after the end of the reporting period and up to the date of this announcement requiring disclosure in this announcement.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operation of the Group as set out in this annual results announcement are historical in nature and past performance is not a guarantee of future performance. This annual results announcement may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this annual results announcement of the Company; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and has complied with the CG Code since Listing Date and up to 31 March 2024, except in relation to provision A.2.1 of the CG Code which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wen Tsz Kit Bondy, an executive Director, is both the chairman of the Board and the chief executive officer of the Company. With over 20 years of experience in the maritime industry in Hong Kong, Mr. Wen has been responsible for the overall management of the Group’s operations and business development and has been instrumental to the Group’s growth and business expansion since November 1994. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Wen) and three independent non-executive Directors and therefore has a strong independence element in its composition.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

From the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 March 2024, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as rules governing dealings by the Directors in the listed securities of the Company. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have complied with the Model Code from the Listing date and up to the date of this announcement.

USE OF NET PROCEEDS FROM THE LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 18 March 2019. Net proceeds from the Listing (after deducting underwriting fee and relevant expenses payable by the Group in connection with the Listing) amounted to approximately HK\$65.6 million. As at 31 March 2024, a total amount of HK\$43.6 million out of the net proceeds had been used by the Group according to the allocation set out in the Company's announcement of offer price and allotment results dated 15 March 2019. As at 31 March 2024, the Group's planned application and actual utilisation of the net proceeds is set out below:

	Planned use of net proceeds <i>HK\$'000</i>	Utilisation of net proceeds during the year ended 31 March 2024 <i>HK\$'000</i>	Utilised net proceeds as at 31 March 2024 <i>HK\$'000</i>	Remaining balance of the net proceeds as at 31 March 2024 <i>HK\$'000</i>	Expected timetable of full utilisation of the balance
Acquiring vessels	43,625	—	43,625	—	—
Setting up a shipyard in Hong Kong (<i>Note</i>)	22,000	—	—	22,000	2025
	<u>65,625</u>	<u>—</u>	<u>43,625</u>	<u>22,000</u>	

Note: Although the Group has endeavoured to adhere to the implementation plan for the use of proceeds as disclosed in the prospectus of the Company dated 4 March 2019 (the “**Prospectus**”) by submitting tenders to rent two parcels of lands for shipyard sites in late December 2018, the Group was not awarded any tenancy from the Government for the tendered parcel of land. The Group would continue to exploit opportunities to rent a suitable site for a shipyard. The Directors expect the remaining net proceeds will be fully utilised in 2025.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 June 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed this annual financial results announcement and the consolidated financial statements for the year ended 31 March 2024, including the accounting policies, principles and practices adopted by the Group, and discussed risk management and internal control system, and financial related matters.

The Audit Committee comprises three independent non-executive Directors and chaired by Ms. Hong Ting, who has appropriate professional qualifications and experience as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 21 August 2024 to 27 August 2024, both days inclusive. During this period, no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on 27 August 2024 are entitled to attend the forthcoming annual general meeting scheduled on 27 August 2024. In order to qualify for the right to vote for and/or attend the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 21 August 2024.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the forthcoming annual general meeting. For determining the entitlement to the proposed final dividend, the register of members will be closed for one day on 5 September 2024, during that day no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 4 September 2024.

PUBLICATION OF ANNUAL RESULTS AND 2024 ANNUAL REPORT

This announcement will be published on the websites of the Stock Exchange and the Company.

The annual report of the Company for the year ended 31 March 2024 containing all the information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Yun Lee Marine Group Holdings Limited
Wen Tsz Kit Bondy
Chairman and executive Director

Hong Kong, 27 June 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wen Tsz Kit Bondy, and Ms. Chan Sau Ling Amy, and three independent non-executive Directors, namely Ms. Chan Hei Ting, Ms. Hong Ting and Mr. Ng Simon.