

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

HIGHLIGHTS

- The net profit for the period attributable to owners of the Company has decreased by 52.5%, from HK\$22,163,000 (restated) for the six months ended 30 September 2023 to HK\$10,531,000 for the six months ended 30 September 2024.
- Basic earnings per share for the six months ended 30 September 2024 was approximately HK1.05 cent (2023: HK2.22 cent (restated)).
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2024.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yun Lee Marine Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”) together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024	2023
		<i>HK\$’000</i>	<i>HK\$’000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(restated)</i>
Revenue	4	179,187	156,658
Cost of revenue		(130,623)	(109,993)
		<hr/>	<hr/>
Gross profit		48,564	46,665
Other income and gains, net	5	2,760	13,378
Impairment loss under expected credit loss (“ ECL ”) model, net of reversal		(1,053)	86
Administrative expenses		(30,322)	(31,504)
Finance costs	6	(422)	(481)
Share of results of associates		(144)	(105)
		<hr/>	<hr/>
Profit before taxation		19,383	28,039
Income tax expenses	7	(2,388)	(2,421)
		<hr/>	<hr/>
Profit for the period	8	16,995	25,618
		<hr/> <hr/>	<hr/> <hr/>

		Six months ended 30 September	
	Notes	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(restated)</i>
Profit for the period			
attributable to:			
– owners of the Company		10,531	22,163
– non-controlling interests		6,464	3,455
		<u>16,995</u>	<u>25,618</u>
Earnings per share - Basic (HK cent)	10	<u>1.05</u>	<u>2.22</u>
Profit for the period		16,995	25,618
Other comprehensive expense for the period			
Items that may be reclassified to			
profit or loss in subsequent periods:			
Exchange differences on the			
translation of foreign operations		<u>(2)</u>	<u>—</u>
Total comprehensive income for the period		<u>16,993</u>	<u>25,618</u>
Total comprehensive income for			
the period attributable to			
– owners of the Company		10,529	22,163
– non-controlling interests		6,464	3,455
		<u>16,993</u>	<u>25,618</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Notes	At 30 September 2024 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2024 <i>HK\$'000</i> <i>(audited)</i>
Non-current assets			
Property, plant and equipment		123,678	126,707
Right-of-use assets		8,715	11,518
Interests in associates		3,290	3,434
Other non-current asset		3,100	3,100
Goodwill	11	25,400	25,400
Intangible asset		7,076	8,491
Financial asset at fair value through profit or loss		2,851	2,628
Rental deposits	12	238	457
Deposit for acquisition of property, plant and equipment		20	—
Deferred tax assets		1,220	1,320
		175,588	183,055
Current assets			
Trade and other receivables	12	82,373	71,380
Contract assets		67,411	52,192
Amount due from an associate		—	10
Tax recoverables		1,443	1,534
Time deposits		42,888	58,134
Bank balances and cash		49,243	76,577
		243,358	259,827
Current liabilities			
Trade and other payables	13	41,359	56,102
Promissory note payable	14	—	12,422
Amount due to non-controlling shareholders of subsidiaries		43,271	42,088
Bank and other borrowings		7,942	8,296
Lease liabilities		4,978	5,256
Tax payables		9,069	7,358
		106,619	131,522

		At 30 September 2024 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2024 <i>HK\$'000</i> <i>(audited)</i>
Net current assets		<u>136,739</u>	<u>128,305</u>
Total assets less current liabilities		<u>312,327</u>	<u>311,360</u>
Non-current liabilities			
Bank and other borrowings		29	199
Lease liabilities		4,082	6,504
Deferred tax liabilities		<u>15,899</u>	<u>15,413</u>
		<u>20,010</u>	<u>22,116</u>
Net assets		<u><u>292,317</u></u>	<u><u>289,244</u></u>
Capital and reserves			
Share capital	15	10,000	10,000
Reserves		<u>255,502</u>	<u>254,973</u>
Equity attributable to owners of the Company		<u>265,502</u>	<u>264,973</u>
Non-controlling interest		<u>26,815</u>	<u>24,271</u>
Total equity		<u><u>292,317</u></u>	<u><u>289,244</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2024.

Application of amendments to HKFRS

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. ADJUSTMENTS TO PROVISIONAL VALUE FOR BUSINESS COMBINATION

Pursuant to HKFRS 3 “Business Combination”, if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. As further disclosed in note 11 to the condensed consolidated financial statements for the six months ended 30 September 2024, the Group held 17% equity interest in Yun Lee (Tim Kee) Marine Construction Limited (“YLTK”) at 31 March 2023 and acquired additional 34% of equity interest from two shareholders of YLTK during the six months ended 30 September 2023 (the “Acquisition”), following which the Group owns 51% equity interest in YLTK.

The Group recognised in its condensed consolidated financial statements for the six months ended 30 September 2023 provisional amounts of fair value of identifiable assets acquired and liabilities assumed and goodwill. During the year ended 31 March 2024 (i.e. within the measurement period), the Group retrospectively adjusted the provisional amounts of YLTK recognised at the acquisition date and recognised additional assets including intangible asset and financial asset at fair value through profit or loss (“FVTPL”) to reflect new information obtained about facts and circumstance that existed as of acquisition date which have affected the identification and measurement of the amounts recognised as of that date. The Group retrospectively adjusted the 2023 comparative information on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2024.

Further details of the identifiable asset acquired and the liabilities assumed in relation to the Acquisition are set out in note 11 to the condensed consolidated financial statements.

4. 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; (ii) ship management services; and (iii) marine construction services. The details of the Group’s operating segments are as follows:

- (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 Stonecutter 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.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the six months ended 30 September 2024 (unaudited)

	Vessel chartering and related services <i>HK\$'000</i> <i>(unaudited)</i>	Ship management services <i>HK\$'000</i> <i>(unaudited)</i>	Marine construction services <i>HK\$'000</i> <i>(unaudited)</i>	Eliminations <i>HK\$'000</i> <i>(unaudited)</i>	Total <i>HK\$'000</i> <i>(unaudited)</i>
SEGMENT REVENUE					
External revenue	75,995	13,269	89,923	—	179,187
Inter-segment revenue	6,992	—	1,124	(8,116)	—
Total	<u>82,987</u>	<u>13,269</u>	<u>91,047</u>	<u>(8,116)</u>	<u>179,187</u>
Segment profit	<u>25,414</u>	<u>6,918</u>	<u>15,179</u>	<u>—</u>	47,511
Share of results of an associate					(144)
Other income and gains, net					2,760
Administrative expenses					(30,322)
Finance costs					<u>(422)</u>
Profit before taxation					<u>19,383</u>

4. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2023 (unaudited)

	Vessel chartering and related services <i>HK\$'000</i> <i>(unaudited)</i>	Ship management services <i>HK\$'000</i> <i>(unaudited)</i>	Marine construction services <i>HK\$'000</i> <i>(unaudited)</i>	Eliminations <i>HK\$'000</i> <i>(unaudited)</i>	Total <i>HK\$'000</i> <i>(unaudited)</i> <i>(restated)</i>
SEGMENT REVENUE					
External revenue	77,189	13,113	66,356	—	156,658
Inter-segment revenue	6,283	—	—	(6,283)	—
Total	<u>83,472</u>	<u>13,113</u>	<u>66,356</u>	<u>(6,283)</u>	<u>156,658</u>
Segment profit	<u>30,008</u>	<u>6,875</u>	<u>9,703</u>	<u>165</u>	46,751
Share of results of associates					(105)
Other income and gains					13,378
Administrative expenses					(31,504)
Finance costs					<u>(481)</u>
Profit before taxation					<u>28,039</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit before taxation earned by each segment without allocation of share of results of associates, other income, other gains and losses, gain on deemed disposal of equity interest of an associate, administrative expenses and finance costs. This is the measure reported to the CODM of the Group for the purposes 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. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services

The Group recognises revenue from the following major sources:

(a) 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. The Group recognises the fee received or receivable as its revenue over time in the period in which the customers simultaneously receive and consume the benefits provided by the Group's performance as services are performed by the Group.

(b) Ship management services

The Group provides ship management services for two vessels which transport the dewatered sludge from Stonecutter Island and other designated sites to the sludge treatment facilities located at Nim Wan, Tuen Mun. The Group recognises the fee received or receivable as its revenue over time in the period in which the customers simultaneously receive and consume the benefits provided by the Group's performance as services are performed by the Group.

(c) Marine construction services

The Group provides marine construction and engineering services mainly to contractors for marine construction projects in Hong Kong. The Group recognises the fee received or receivable as its revenue as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these marine construction services based on the value of marine construction work using output method.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 30 September

	2024	2023
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Vessel chartering and related services	75,995	77,189
Ship management services	13,269	13,113
Marine construction services	89,923	66,356
	<u>179,187</u>	<u>156,658</u>

For contracts for vessel chartering and related services and ship management services, the Group bills for each period of service provided.

Payment of the transaction price is generally due within 30 to 90 days. All vessel chartering and related services and ship management services are for periods of less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Geographical information

As all the Group's revenue is derived from customers located in Hong Kong and all the Group's identifiable non-current assets are principally located in Hong Kong, no geographical segment information is presented.

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>(restated)</i>
Interest income from banks	1,420	1,097
Management fee income	336	180
Fair value change on financial asset and liability at FVTPL	148	(165)
Gain on deemed disposal of equity interest of an associate	—	11,900
Others	856	366
	<u>2,760</u>	<u>13,378</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>(restated)</i>
Interest on lease liabilities	235	245
Interest on bank and other borrowings	187	236
	<u>422</u>	<u>481</u>

7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>(restated)</i>
Hong Kong Profits Tax		
– Current period	1,802	1,900
Deferred tax	586	521
	<u>2,388</u>	<u>2,421</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Profit and total comprehensive income for the period has been arrived at after charging:		
Amortisation of intangible asset	1,415	1,179
Staff costs, including directors' remuneration	56,991	51,947
Depreciation of property, plant and equipment	6,139	5,401
Depreciation on right-of-use assets	2,803	2,118
	<u>10,353</u>	<u>10,645</u>

9. DIVIDEND

During the current interim period, a final dividend of HK1.0 cent in respect of the year ended 31 March 2024 (2023: HK1.8 cent) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$10,000,000 (2023: HK\$18,000,000).

The Directors do not recommend payment of interim dividend for both interim periods.

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
		(restated)
Earnings:		
Profit for the period attributable to owners of the Company for purpose of basic earnings per share (HK\$'000)	10,531	22,163
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	1,000,000	1,000,000

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

11. BUSINESS COMBINATION

Acquisition of YLTK

On 13 January 2023, the Group entered into a sale and purchase agreement to acquire additional 34% of equity interest from two shareholders of YLTK (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.

According to the sales and purchase agreement, each of the Vendors severally guarantees 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 2026.

Prior to the Acquisition, the Group holds 17% equity interests in YLTK and was classified as an associate of the Group at 31 March 2023. On 2 May 2023 (the “**Date of acquisition**”), 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. The Acquisition has been accounted for using the acquisition method. The Group has elected to measure the non-controlling interest in YLTK at the non-controlling interest’s proportionate share of YLTK’s identifiable net assets. The consolidated financial statements include the results of YLTK and its subsidiary (“**YLTK Group**”) since the acquisition date.

As at the date of acquisition, the fair value of contingent consideration is HK\$2,297,000, which is presented as financial asset at FVTPL in the consolidated statement of financial position. For the six months ended 30 September 2024, fair value gain of HK\$223,000 (2023: HK\$163,000) is recognised in the profit or loss.

The fair value of contingent consideration is measured based on the scenario-based analysis. The key inputs and assumptions applied relate to the estimation of expected net profits in 2024-2026 discount rate applied to the valuation. The valuation is conducted by the Valuer engaged by the Company and the chief financial officer of the Group works closely with the Valuer to establish and determine the appropriate valuation techniques and key inputs. Such estimation was based on the management’s expectations on market development. probability-weighted according to an assessment of the likelihood of each scenario.

The Group has been actively seeking new business opportunities from time to time in order to diversify and expand its business while focusing on the continuous development of maritime related services and construction business. The Company’s development plan of its existing maritime services business includes establishing strong partnerships with other companies in the maritime-related services and construction industry to strengthen the Company business’s position in the market and conducting regular performance reviews to identify opportunities and areas for improvement.

11. BUSINESS COMBINATION (Continued)

Assets and liabilities of YLTK Group recognised at the date of acquisition

	HK'000
Plant and equipment	10,745
Right-of-use assets	6,154
Deferred tax assets	1,346
Debtors, deposits and prepayments	19,679
Amounts due from a related company	7,969
Loan to a non-controlling interest shareholder	3,070
Contract assets	39,893
Cash and cash equivalents	6,764
Trade and other payables	(44,567)
Amounts due to a related company	(65)
Amount due to non-controlling interest shareholder of a subsidiary	(30,541)
Amount due to a fellow subsidiary	(3,618)
Tax payables	(4,811)
Lease liabilities	(5,761)
Bank borrowings	(9,522)
	<hr/>
Total identifiable net liabilities at fair value	(3,265)
Non-controlling interests	1,600
Fair value of previously held 17% equity interests of YLTK (Note)	(11,900)
Financial asset at fair value through profit or loss	2,297
Intangible asset	11,321
Deferred tax liabilities	(1,868)
Goodwill arising on acquisition	25,400
	<hr/>
Total consideration	<u>23,585</u>

Note: On the date of acquisition, the Directors have assessed that fair value of the 17% equity interests in YLTK to be measured at its proportionate share in the fair value of the consideration, resulting in gain on deemed disposal of HK\$11,900,000 for the six months ended 30 September 2023.

11. BUSINESS COMBINATION (Continued)

Assets and liabilities of YLTK Group recognised at the Date of acquisition (Continued)

HK'000

Analysis of cash flows on the Acquisition:

Cash acquired with the subsidiaries during the six months ended 30 September 2023	(6,764)
Cash paid during the six months ended 30 September 2023	<u>5,950</u>
Net cash inflow on the Acquisition during the six months ended 30 September 2023	(814)
Deposit for acquisition of additional equity interests in an associate previously paid	5,950
Promissory note payable issued (Note 14)	<u>11,685</u>
Total net cash outflow on the Acquisition	16,821
Transaction cost of the Acquisition included in cash flows from operating activities	<u>947</u>
	<u><u>17,768</u></u>

The initial accounting for the above acquisition has been finalised. Goodwill of HK\$25,400,000 and intangible asset of HK\$11,321,000, deferred tax of HK\$1,868,000 are recognised on the Acquisition at the Date of acquisition.

The intangible asset represents customer relationship which are amortised over the remaining contract periods. For the six months ended 30 September 2024, amount of HK\$1,415,000 (2023: HK\$1,179,000) is recognised in the profit or loss.

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2024 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2024 <i>HK\$'000</i> <i>(audited)</i>
Trade receivables - gross	74,093	62,847
Less: Allowance for credit loss	<u>(2,510)</u>	<u>(1,501)</u>
	71,583	61,346
Other receivables		
– Prepayments	8,254	7,684
– Deposits	2,537	2,669
– Others	<u>257</u>	<u>138</u>
Sub-total	82,631	71,837
Less: Rental deposits shown under non-current assets	(238)	(457)
Deposit for acquisition of property, plant and equipment	<u>(20)</u>	<u>—</u>
Amounts shown under current assets	<u><u>82,373</u></u>	<u><u>71,380</u></u>

The Group allows credit periods of 30 to 90 days to its trade customers.

The ageing analysis of the Group's trade receivables net of allowance for credit loss based on the invoice dates at the end of the reporting period is as follows:

	At 30 September 2024 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2024 <i>HK\$'000</i> <i>(audited)</i>
Within 30 days	23,642	32,044
31 to 60 days	13,615	10,068
61 to 90 days	6,800	5,446
91 to 120 days	5,703	5,039
Over 120 days	<u>21,823</u>	<u>8,749</u>
	<u><u>71,583</u></u>	<u><u>61,346</u></u>

13. TRADE AND OTHER PAYABLES

	At 30 September 2024 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2024 <i>HK\$'000</i> <i>(audited)</i>
Trade payables	28,783	35,882
Accrued expenses	12,018	19,516
Deposits received	558	704
	<hr/>	<hr/>
Total trade and other payables	41,359	56,102
	<hr/> <hr/>	<hr/> <hr/>

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 presented based on the invoice date at the end of the reporting period:

	At 30 September 2024 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2024 <i>HK\$'000</i> <i>(audited)</i>
Within 30 days	11,757	13,643
31 – 60 days	4,633	12,404
61 – 90 days	3,225	1,717
91 – 120 days	2,312	197
Over 120 days	6,856	7,921
	<hr/>	<hr/>
	28,783	35,882
	<hr/> <hr/>	<hr/> <hr/>

14. PROMISSORY NOTE PAYABLE

On 2 May 2023, the Company issued a promissory note with the principal amount of HK\$11,900,000 as part of the the considerations for the Acquisition (note 10). Under the agreement of the Acquisition relating to the promissory note, the promissory note is unsecured, carries interest at 5.0% per annum and is payable on the maturity date of 1 May 2024.

At 31 March 2024 and 30 September 2023, the promissory note with the carrying amount of HK\$12,422,000 and HK\$12,013,000, respectively, remained outstanding and the effective interest rate in respect of the promissory note is 4.39% per annum.

The principal and interest of promissory note were fully repaid during the six months ended 30 September 2024.

15. SHARE CAPITAL

	Number of shares	Amount HK\$	Shown as HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised			
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>N/A</u>
Issued and fully paid			
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000</u>

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the financial conditions, results of operations and the business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered "forward-looking statements".

Forward-looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ in some instances materially, from those anticipated or implied in any forward-looking statement. Forward-looking statements pertain only at the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events. Trends and factors that are expected to affect the Group's results of operations are described in the section headed "Management Discussion and Analysis" below.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Board of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the Period. The Group is a maritime services provider in Hong Kong with over 20 years of operating history. The principal activities of the Group are provision of (i) vessel chartering and related services; (ii) ship management; 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 etc.. The Group provided its time charter and voyage charter services through its vessel fleet, which comprises (i) 58 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.

During the Period, 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, the Integrated Waste Management Facilities Phase 1 project in Shek Kwu Chau, and Hong Kong offshore LNG Terminal project.

BUSINESS PROSPECT

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-subcontract 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, management believe that the long term outlook of the local marine construction market remains promising. The Company is in constant contacts 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 and will continue to pay attention to macroeconomic conditions in the global and Hong Kong.

FINANCIAL REVIEW

Revenue

For the Period, the Group's total revenue recorded an increase of approximately 14.4% from HK\$156,658,000 for the corresponding period last year to HK\$179,187,000 for the Period, which was mainly attributed by a net effect of (i) the decreased revenue of vessel chartering and related services as a result of the completion of certain significant and long-term contracts and decrease in the demand for the Group's overall vessel chartering and related services from other short term marine services during the Period; and (ii) the increased revenue of marine construction services as a result of improved construction progress of certain key projects during the Period.

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 18.8%, from HK\$109,993,000 for the corresponding period last year to HK\$130,623,000 for the Period, 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 as a result of improved construction progress of certain key projects during the Period.

Gross profit and gross profit margins

The Group's gross profit increased by approximately 4.1%, from HK\$46,665,000 for the corresponding period last year to HK\$48,564,000 for the Period. Meanwhile, the Group's gross profit margin increased slightly by approximately 0.4 percentage point from approximately 26.7% for the corresponding period last year to approximately 27.1% for the Period.

Other income and gain, net

The Group's other income decreased from HK\$13,378,000 (restated) for the corresponding period last year to HK\$2,760,000 for the Period mainly due to a net effect of (i) absence of one-off gain on deemed disposal of equity interest of an associate of HK\$11,900,000; (ii) increased bank interest income earned from the time deposits during the Period; and (iii) increase fair value gain on financial assets at fair value through profit or loss ("FVTPL").

Administrative expenses

The Group's administrative expenses decreased by approximately 3.8%, from HK\$31,504,000 (restated) for the corresponding period last year to HK\$30,322,000 for the Period, which was due to effect of cost control implemented during the Period.

Finance cost

The Group's finance costs decreased from HK\$481,000 (restated) for the corresponding period last year to HK\$422,000 for the Period, which was attributable by gradual repayments of bank borrowings during the Period.

Share of results of associates

The Group recorded share of losses of associates of HK\$144,000 for the Period (six months ended 30 September 2023: share of losses of HK\$105,000).

The share of losses from associate mainly represented by share of losses from Eastlink Marine Services Limited during the Period.

Income tax expenses

During the Period, the Group's income tax expenses were HK\$2,388,000 (six months ended 30 September 2023: HK\$2,421,000 (restated)), and the effective tax rate was approximately 12.3% (six months ended 30 September 2023: approximately 8.6%). The change in effective tax rate was mainly represented by the non-deductibility and assessability of certain items such as fair value change on financial asset and liability at FVTPL, amortisation of intangible asset, share of losses of associates, gain on deemed disposal of equity interest of an associate and the recognition of deferred taxation arising from property, plant and equipment.

Profit and total comprehensive income attributable to owners of the Company

As a result of the foregoing, the Group's profit for the Period attributable to owners of the Company decreased by approximately 52.5%, from HK\$22,163,000 (restated) for the corresponding period last year to HK\$10,531,000 for the Period. Basic earnings per share attributable to owners of the Company decreased from approximately HK2.22 (restated) cent for corresponding period last year to approximately HK1.05 cent for the Period.

If the non-recurring gain on deemed disposal of equity interest of an associate of HK\$11,900,000 were excluded, the Group's adjusted profit attributable to the owners of the Company for the six months ended 30 September 2023 would be approximately HK\$10,263,000 and the profit attributable to the owners of the Company for the Period would be HK\$10,531,000.

Dividend

The Board does not recommend the payment of interim dividend for the Period (six months ended 30 September 2023: Nil).

Trade and other receivables

The Group's trade and other receivables increased from HK\$71,380,000 as at 31 March 2024 to HK\$82,373,000 as at 30 September 2024.

The Group's average trade receivables turnover days recorded a slight decrease from approximately 67.9 days for the six months ended 30 September 2023 to approximately 67.7 days for the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had net current assets of HK\$136,739,000 as at 30 September 2024 (at 31 March 2024: HK\$128,305,000). The Group's current ratio remained stable and recorded an increase from approximately 2.0 as at 31 March 2024 to approximately 2.3 as at 30 September 2024.

Gearing ratio is calculated based on the total interest bearing borrowings divided by total equity and multiplied by 100% at the respective reporting date. As at 30 September 2024, the Group's gearing ratio was 2.7% (at 31 March 2024: 7.3%). The decrease was mainly due to repayment of promissory note payable during the Period.

The Group's operations were mainly financed by its internal resources including but not limited to existing bank balances and cash, 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 15 to this announcement.

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 Yun Lee (Tim Kee) Marine Construction Limited (“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 (note 16). 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 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 Period.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2024 (31 March 2024: Nil).

COMMITMENTS

As at 30 September 2024, the Group had no significant capital commitments (31 March 2024: Nil).

PLEDGE OF ASSETS

At 30 September 2024, bank and other borrowings and lease liabilities HK\$4,342,000 (31 March 2024: HK\$5,470,000) are secured by mortgages over the equipment with an aggregate carrying value of HK\$4,363,000 (31 March 2024: HK\$5,457,000).

Save as disclosed elsewhere in this announcement, the Group had no other material pledge of assets as at 30 September 2024 (31 March 2024: Nil).

EVENTS AFTER REPORTING PERIOD

There were no significant events affecting the Company nor any of its subsidiaries after the end of the financial period and up to the date of this announcement requiring disclosure in this announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Period.

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 30 September 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 30 September 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 Period <i>HK\$</i>	Utilised net proceeds as at 30 September 2024 <i>HK\$'000</i>	Remaining balance of the net proceeds as at 30 September 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 as set out in part 2 of the Corporate Governance Code (the “**CG Code**”) contained 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 during the Period, except in relation to provision of the CG Code which requires that the C.2.1 roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wen, 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the Model Code throughout the Period.

REVIEW BY 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 management of the Group and reviewed this interim results announcement and the condensed consolidated financial statements for the Period, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Period and up to the date of this announcement.

CHANGES IN THE INFORMATION OF DIRECTORS

The Company is not aware of any changes in Directors’ information subsequent to the date of annual report for the year ended 31 March 2024 and up to the date of this announcement, as required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.yunlee.com.hk/>). The interim report containing all the information required by the Listing Rules will be 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

Hong Kong, 26 November 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.