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 2020

HIGHLIGHTS

- The net profit for the year attributable to owners of the Company has decreased by 17.5%, from approximately HK$11,753,000 for the year ended 31 March 2019 to approximately HK$9,700,000 for the year ended 31 March 2020.
- Basic earnings per share for the year ended 31 March 2020 was approximately HK0.97 cent. (2019: HK1.43 cents)
- The Board has resolved to recommend the payment of a final dividend of HK 0.5 cent per ordinary share in respect of the year ended 31 March 2020 (2019: nil). The proposed final dividend which totals HK$ 5,000,000 (2019: HK$ nil), if approved at the forthcoming annual general meeting, will be paid on 16 September 2020 to the shareholders on the register of members as at 2 September 2020.

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

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 2020, 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 2020

	Notes	**2020**	2019
		HK$'000	HK$'000
Revenue	3	**202,418**	181,010
Cost of revenue		**(150,810)**	(126,855)
Gross profit		**51,608**	54,155
Other income	4	**1,904**	2,308
Other gains and losses	5	**2,801**	15
Administrative expenses		**(44,492)**	(25,901)
Finance costs	6	**(95)**	(7)
Share of results of associates		**1,556**	856
Listing expenses		**—**	(14,596)
Profit before taxation		**13,282**	16,830
Income tax expenses	7	**(2,071)**	(5,077)
Profit and total comprehensive income for the year	8	**11,211**	11,753
Profit and total comprehensive income for the year attributable to:			
– owners of the Company		**9,700**	11,753
– non-controlling interests		**1,511**	—
		11,211	11,753
Earnings per share – Basic (HK cents)		**0.97**	1.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	**2020 HK$'000**	2019 HK$'000
Non-current assets			
Property, plant and equipment		**72,755**	27,350
Interests in associates		**6,221**	4,665
Deposit for acquisition of property, plant and equipment		**4,476**	—
Deferred tax assets		**912**	—
Right-of-use assets		**1,736**	—
Rental deposits		**365**	365
		86,465	32,380
Current assets			
Trade and other receivables	10	**53,007**	56,049
Tax recoverable		**4,609**	3,085
Amount due from an associate		**3,271**	—
Time deposits		**47,161**	—
Bank balances and cash		**57,272**	116,983
		165,320	176,117
Current liabilities			
Trade and other payables	11	**19,387**	25,900
Amount due to associates		**2,622**	469
Lease liabilities		**1,537**	—
Tax payables		**1,053**	396
		24,599	26,765
Net current assets		**140,721**	149,352
Total assets less current liabilities		**227,186**	181,732
Non-current liabilities			
Deferred tax liabilities		**5,629**	3,878
Lease liabilities		**204**	—
		5,833	3,878
Net assets		**221,353**	177,854
Capital and reserves			
Share capital	12	**10,000**	10,000
Reserves		**177,554**	167,854
Equity attributable to owners of the Company		**187,554**	177,854
Non-controlling interest		**33,799**	—
Total equity		**221,353**	177,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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 shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 March 2019 (the "**Listing**"). 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; and (ii) ship management 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.

Group reorganisation and basis of preparation and presentation of consolidated financial statements

Pursuant to the completion of reorganisation as detailed in the annual report of the Company for the year ended 31 March 2019 ("**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 14 September 2018. The entities under the Reorganisation are under the common control of the controlling shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows which include the results, changes in equity and cash flows of the companies comprising the Group for the year ended 31 March 2019, has been prepared as if the Company had always been the holding company of the Group and the group structure upon the completion of the Reorganisation had been in existence throughout the year ended 31 March 2019, or since their respective dates of incorporation, where this is a shorter period.

2. PRINCIPAL ACCOUNTING POLICY

For the purpose of preparing and presenting consolidated financial statements for the year ended 31 March 2019, the Group has consistently applied the accounting policies which conform with Hong Kong Financial Reporting Standards **("HKFRSs")**, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are effective for the accounting periods beginning on 1 April 2018 throughout the year ended 31 March 2019.

(i) Accounting policy became applicable in this annual period

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(ii) Application of new and amendments to Hong Kong Financial Reporting Standards

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the currnet year.

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

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 position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases* ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease" and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group has applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on a lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs for measurement of the right-of-use assets at the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rate of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied was 3.25% per annum.

	At 1 April 2019 HK$'000
Operating lease commitments at 31 March 2019	3,270
Lease liabilities at 1 April 2019 discount at relevant incremental borrowing rates	3,049
Analysed as	
Current	1,991
Non-current	1,058
	3,049

The carrying amount of right-of-use assets at 1 April 2019 comprises the following:

	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	3,049
By class of underlying assets:	
Leased properties	3,013
Carpark	36
	3,049

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1April 2019
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Right-of-use assets	—	3,049	3,049
Current Liabilities			
Lease liabilities	—	1,991	1,991
Non-current liabilities			
Lease liabilities	—	1,058	1,058

Note: For the purpose of reporting cash flows under the indirect method for the year ended 31 March 2020, movements in working capital have been computed based on the opening consolidated statement of financial position at 1 April 2019 disclosed above.

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, 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 classified as (i) Vessel chartering and related services and (ii) Ship management 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 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.

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 are reportable segments:

Year ended 31 March 2020

	Vessel chartering and related services HK$'000	Ship management services HK$'000	Total HK$'000
SEGMENT REVENUE			
External revenue	**177,194**	**25,224**	**202,418**
Segment profit	**42,814**	**8,794**	**51,608**
Share of results of associates			**1,556**
Other income			**1,904**
Other gains and losses			**2,801**
Administrative expenses			**(44,492)**
Finance costs			**(95)**
Profit before taxation			**13,282**

Year ended 31 March 2019

	Vessel chartering and related services HK$'000	Ship management services HK$'000	Total HK$'000
SEGMENT REVENUE			
External revenue	155,954	25,056	181,010
Segment profit	42,806	11,349	54,155
Share of results of associates			856
Other income			2,308
Other gains and losses			15
Administrative expenses			(25,901)
Finance costs			(7)
Listing expenses			(14,596)
Profit before taxation			16,830

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, administrative expenses, finance costs and listing expenses. 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. OTHER INCOME

	2020	2019
	HK$'000	HK$'000
Interest income from banks	**1,055**	46
Management fee income	**360**	920
Vessel sourcing income	**—**	910
Others	**489**	432
	1,904	2,308

5. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	HK$'000
Gain on disposal of property, plant and equipment	**2,676**	15
Exchange gain	**125**	—
	2,801	15

6. FINANCE COSTS

	2020	2019
	HK$'000	HK$'000
Interest on bank borrowings	**—**	7
Interest on lease liabilities	**95**	—
	95	7

7. INCOME TAX EXPENSES

	2020	2019
	HK$'000	HK$'000
Hong Kong Profit Tax		
– current year	**1,406**	4,769
– overprovision in prior years	**(174)**	(6)
Deferred tax:		
Current year	**839**	314
	2,071	5,077

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2020	2019
	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	**65,905**	38,716
– Retirement benefit scheme contributions	**2,042**	1,233
Total staff costs	**67,947**	39,949
Depreciation of property, plant and equipment	**4,251**	2,400
Depreciation of right-of-use assets	**2,156**	—
Minimum operating lease rentals in respect of rented premises	**—**	2,017
Auditor's remuneration	**1,400**	1,800

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders during the year ended 31 March 2020 (2019: nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2020 of HK0.5 cent (2019: nil) per ordinary shares, in an aggregate amount of HK$5,000,000 (2019: nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	HK$'000
Trade receivables	**48,753**	47,531
Other receivables		
– Prepayments (Note)	**3,697**	5,280
– Deposits	**343**	2,393
– Others	**214**	845
Total trade and other receivables	**53,007**	56,049

Note: As at 31 March 2020, the Group's prepayments comprised nil prepaid to an independent third party for the future usage of a yacht (2019: HK$4,500,000).

At 1 April 2018, trade receivables from contracts with customers amounted to HK$39,453,000.

The Group allows a credit period of 30 to 60 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. The majority of the Group's trade receivables are not past due as at the reporting date.

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

	2020	2019
	HK$'000	HK$'000
Within 30 days	**17,534**	16,122
31 to 60 days	**14,993**	14,093
61 to 90 days	**11,502**	11,563
91 to 120 days	**4,209**	2,230
Over 120 days	**515**	3,523
	48,753	47,531

11. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	HK$'000
Trade payables	**11,999**	15,387
Accrued expenses	**7,002**	7,866
Deposits received	**386**	386
Other payables	**—**	2,261
Total trade and other payables	**19,387**	25,900

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.

	2020	2019
	HK$'000	HK$'000
Within 30 days	**5,761**	7,145
31 to 60 days	**5,417**	5,871
61 to 90 days	**710**	1,306
91 to 120 days	**—**	484
Over 120 days	**111**	581
	11,999	15,387

12. SHARE CAPITAL

	Number of shares	**Amount**	**Shown as**
		HK$	**HK$'000**
Ordinary shares of HK$0.01 each			
Authorised			
At 1 April 2018, 31 March 2019 and 31 March 2020 (note i)	5,000,000,000	50,000,000	N/A
Issued and fully paid			
At 1 April 2018	10,000	100	—*
Issue of shares (note ii)	10,000	100	—*
Capitalisation issue (note iii)	812,480,000	8,124,800	8,125
Issue of new shares in placing (note iv)	187,500,000	1,875,000	1,875
At 31 March 2019 and 31 March 2020	1,000,000,000	10,000,000	10,000

* Less than HK$1,000

Notes:

(i) On 20 September 2018, the Company passed a written resolution pursuant to which authorised share capital of the Company was increased from HK$50,000 divided into 5,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each by creation of an additional 4,995,000,000 shares.

(ii) On 14 September 2018, pursuant to the Reorganisation, in consideration of the transfer of the entire issued share capital of Yun Lee Marine Holdings (BVI) Limited from Kitling (BVI), Mr. Cheung Tai Kee and Mr. Chow Wai Ming to the Company, the Company allotted and issued 9,067 shares to Kitling (BVI), 533 shares to Mr. Cheung Tai Kee and 400 shares to Mr. Chow Wai Ming, respectively.

(iii) On 15 March 2019, the Company capitalised an amount of HK$7,624,800 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 762,480,000 shares and allotted and issued 50,000,000 shares at par with an aggregate amount of HK$500,000, credited as fully paid, to Novel Choice Ventures Limited ("**Novel Choice**") upon the exercise of the exchangeable note to Novel Choice.

(iv) On 18 March 2019, the shares of the Company were listed on the Stock Exchange. 187,500,000 ordinary shares at an offer price of HK$0.50 were issued through share offer with gross proceeds of HK$93,750,000.

The new shares issued rank pari passu with the existing shares in all aspects.

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; and (ii) ship management 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) 34 self-owned vessels and (ii) vessels chartered from third-party vessel suppliers from time to time.

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**"), and Tung Chung New Town Extension project ("**Tung Chung Project**").

The shares of the Company had successfully listed (the "**Listing**") on the Main Board of the Stock Exchange on 18 March 2019 ("**Listing Date**"). With a widening financing platform, the Group can have more financing channels to raise funds to fulfil capital needs. The Listing also enhances the Group's market position and further strengthens the Group's reputation in the industry, which in turn helps maintaining the existing business relationship with the network of suppliers and customers and exploring potential business opportunities with new suppliers and customers.

In August 2019, the Group has completed subscription of 51% in New Legend Ferry Services Limited ("**New Legend**") at a subscription price of HK$34.5 million. New Legend is a company incorporated with limited liability in Hong Kong and is principally engaged in vessels operation in Hong Kong. New Legend owned (i) nine used launches with the carrying capacities ranged from 45 persons to 92 persons; and (ii) four new launches which were under construction and would be ready for operation in 2020. Upon completion, New Legend has became a subsidiary of the Group. The subscription price was settled in full upon completion and was financed by a portion of the net proceeds generated from the Listing.

BUSINESS PROSPECTS

As there are numbers of high-profile development projects and infrastructure projects related to marine construction works were initiated by the government of Hong Kong in recent years, the management of the Group expects the demand of the Group's vessel chartering and related services for these marine construction projects would increase steadily, and such projects are expected to contribute to the Group's revenue in the future. The Group will continue to invest in its vessel fleet in order to capture such business opportunities.

The revenue and profits from the Group's ship management business is expected to remain stable going forward.

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately 11.8%, from approximately HK$181,010,000 for the year ended 31 March 2019 to approximately HK$202,418,000 for the year ended 31 March 2020. Such increase was mainly attributable to the increase in the revenue of the Group's vessel chartering and related services by approximately 13.6%, from approximately HK$155,954,000 for the year ended 31 March 2019 to approximately HK$177,194,000 for the year ended 31 March 2020, which was mainly due to the increased revenue of vessel chartering and related services rendered to major marine construction projects such as IWMF Project and Tung Chung Project.

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 18.9%, from approximately HK$126,855,000 for the year ended 31 March 2019 to approximately HK$150,810,000 for the year ended 31 March 2020, which was mainly attributable to the increased staff costs due to the increased number of crew and the general increase in the wage level.

Gross profit and gross profit margins

The Group's gross profit shrank by approximately 4.7%, from approximately HK$54,155,000 for the year ended 31 March 2019 to approximately HK$51,608,000 for the year ended 31 March 2020. Meanwhile, the Group's gross profit margin decreased by approximately 4.4 percentage point from approximately 29.9% for the year ended 31 March 2019 to approximately 25.5% for the year ended 31 March 2020, which was mainly due to the aforesaid increase in the staff costs.

Other income

The Group's other income decreased by approximately 17.5%, from approximately HK$2,308,000 for the year ended 31 March 2019 to approximately HK$1,904,000 for the year ended 31 March 2020. Such decrease was mainly attributable to (i) the recognition of a service income of approximately HK$910,000 related to vessel sourcing services during the year ended 31 March 2019, which was non-recurring in nature; and (ii) partially offset by the increase of bank interest income as the average bank balance increased after the Company's Listing.

Other gains and losses

The Group's other gains increased significantly, from approximately HK$15,000 for the year ended 31 March 2019 to approximately HK$2,801,000 for the year ended 31 March 2020. Such other gains mainly represented by the recognition of non-recurring gains on disposal of a vessel during the year ended 31 March 2020.

Administrative expenses

The Group's administrative expenses increased by approximately 71.8%, from approximately HK$25,901,000 for the year ended 31 March 2019 to approximately HK$44,492,000 for the year ended 31 March 2020, which was mainly attributable by the increase in the Directors' remuneration and business development expenses during the year ended 31 March 2020, and the increase in the professional fees and public relations expenses after the Listing.

Finance costs

The Group's finance costs increased from approximately HK$7,000 for the corresponging period last year to approximately HK$95,000 for the current year, which was mainly attributable to the recognition of interest on lease liabilities amounting to HK$95,000 upon the first time adoption of HKFRS 16 during the year.

Share of results of associates

The Group's share of results of associates was increased by approximately 81.8% from approximately HK$856,000 for the year ended 31 March 2019 to approximately HK$1,556,000 for the year ended 31 March 2020. Such increase was mainly due to the increase in the share of results of associates contributed by Eastlink Marine Services Limited.

Listing expenses

Listing expenses represented professional fees incurred in connection with the Listing being recognised in the consolidated statement of profit or loss. Listing expenses recongised for the years ended 31 March 2019 and 2020 were approximately HK$14,596,000 and nil, respectively.

Income tax expenses

For the year ended 31 March 2020, the Group's income tax expenses were approximately HK$2,071,000 (2019: approximately HK$5,077,000), and the effective tax rate (excluding the non-recurring Listing expenses) was approximately 15.6% (2019: approximately 16.2%).

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 17.5%, from approximately HK$11,753,000 for the year ended 31 March 2019 to approximately HK$9,700,000 for the year ended 31 March 2020. Basic earnings per share attributable to owners of the Company decreased from approximately HK1.43 cents for the year ended 31 March 2019 to approximately HK0.97 cent for the year ended 31 March 2020.

Dividend

The Board has resolved to recommend the payment of a final dividend of HK 0.5 cent per ordinary share in respect of the year ended 31 March 2020 (2019: nil). The proposed final dividend which totals HK$ 5,000,000 (2019: HK$ nil), if approved at the forthcoming annual general meeting, will be paid on 16 September 2020 to the shareholders on the register of members as at 2 September 2020.

Trade and other receivables

The Group's trade and other receivables were decreased by approximately 5.4%, from approximately HK$56,049,000 as at 31 March 2019 to approximately HK$53,007,000 as at 31 March 2020.

The Group's trade receivables turnover days improved from approximately 87.7 days for the year ended 31 March 2019 to approximately 86.8 days for the year ended 31 March 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had net current assets of approximately HK$140,721,000 as at 31 March 2020 (2019: approximately HK$149,352,000). The Group's current ratio remained stable and recorded a slight increase from approximately 6.6 as at 31 March 2019 to approximately 6.7 as at 31 March 2020.

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 31 March 2020, the Group's gearing ratio was nil (2019: nil), as there were no debts as at 31 March 2020 and 31 March 2019.

Following the Listing, the Group's operations were mainly financed by 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 12 to this announcement.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of approximately HK$23,980,000 during the year ended 31 March 2020 (2019: approximately HK$4,898,000), mainly represented the addition of vessels.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group had no significant capital commitments (2019: nil).

SIGNIFICANT INVESTMENTS

The Group did not have any significant investment during the year ended 31 March 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

On 15 August 2019, the Group entered into a share subscription agreement with New Legend, pursuant to which, the Group has agreed to subscribe the shares representing 51% equity interest of New Legend to be allotted and issued by New Legend upon the completion of the transaction at the subscription price of HK$34,500,000.

The transaction was completed on 29 August 2019. Since then, New Legend becomes an indirect non wholly-owned subsidiary of the Group.

Save as disclosed in the abovementioned acquisition of the subsidiary, the Group did not conduct any material acquisition and disposal of subsidiaries during the year ended 31 March 2020.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities (2019: nil).

EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented in Hong Kong. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Board was not aware of any material adverse impact on the financial statements of the Group.

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 14 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 2020, 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 2020, 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 2020, 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 2020, the Group's planned application and actual utilisation of the net proceeds is set out below:

	Planned use of net proceeds	**Utilised net proceeds as at 31 March 2020**	**Remaining balance of the net proceeds as at 31 March 2020**	**Expected timetable of full utilisation of the balance**
	HK$'000	*HK$'000*	*HK$'000*	
Acquiring vessels	43,625	43,625	—	—
Setting up a shipyard in Hong Kong *(Note)*	22,000	—	22,000	2021
	65,625	43,625	22,000	

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 2021.

SCOPE OF WORK OF 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 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by 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 2020, 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 Mr. Wu Tai Cheung, 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 20 August 2020 to 26 August 2020, 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 26 August 2020 are entitled to attend the forthcoming annual general meeting scheduled on 26 August 2020. 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 August 2020.

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 2 September 2020, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 1 September 2020.

PUBLICATION OF ANNUAL RESULTS AND 2020 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 2020 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, 26 June 2020

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 Mr. Liu Hon Por Francis, Mr. Wu Tai Cheung and Mr. Fu Bradley.