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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 2021

HIGHLIGHTS

- The net profit for the year attributable to owners of the Company has increased by 158%, from approximately HK\$9,700,000 for the year ended 31 March 2020 to approximately HK\$25,020,000 for the year ended 31 March 2021.
- Basic earnings per share for the year ended 31 March 2021 was approximately HK2.50 cents. (2020: HK0.97 cent)
- The Board has resolved to recommend the payment of a final dividend of HK1.3 cent per ordinary share in respect of the year ended 31 March 2021 (2020: 0.5 cent). The proposed final dividend which totals HK\$13,000,000 (2020: HK\$ 5,000,000), if approved at the forthcoming annual general meeting, will be paid on 16 September 2021 to the shareholders on the register of members as at 2 September 2021.

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

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 2021, 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 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	226,194	202,418
Cost of revenue		<u>(165,952)</u>	<u>(150,810)</u>
Gross profit		60,242	51,608
Other income	4	10,743	1,904
Other gains and losses	5	3,685	2,801
Impairment loss under expected credit loss model, net of reversal		(2,350)	—
Administrative expenses		(36,793)	(44,492)
Finance costs	6	(70)	(95)
Share of results of associates		<u>(32)</u>	<u>1,556</u>
Profit before taxation		35,425	13,282
Income tax expenses	7	<u>(5,332)</u>	<u>(2,071)</u>
Profit and total comprehensive income for the year	8	<u>30,093</u>	<u>11,211</u>
Profit and total comprehensive income for the year attributable to:			
– owners of the Company		25,020	9,700
– non-controlling interests		<u>5,073</u>	<u>1,511</u>
		<u>30,093</u>	<u>11,211</u>
Earnings per share – Basic (HK cents)		<u>2.50</u>	<u>0.97</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		81,244	72,755
Right-of-use assets		2,966	1,736
Interests in associates		6,189	6,221
Deposit for acquisition of property, plant and equipment		18,929	4,476
Other non-current asset		3,100	—
Rental deposits		492	365
Deferred tax assets		1,459	912
		114,379	86,465
Current assets			
Trade and other receivables	10	74,834	53,007
Tax recoverable		693	4,609
Amount due from an associate		—	3,271
Restricted deposits	11	2,303	—
Time deposits		6,048	47,161
Bank balances and cash		81,121	57,272
		164,999	165,320
Current liabilities			
Trade and other payables	12	22,581	19,387
Amounts due to associates		2,896	2,622
Amount due to a non-controlling shareholder of a subsidiary		1,134	—
Lease liabilities		1,880	1,537
Tax payables		813	1,053
		29,304	24,599
Net current assets		135,695	140,721
Total assets less current liabilities		250,074	227,186

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Lease liabilities		1,096	204
Deferred tax liabilities		7,432	5,629
		<u>8,528</u>	<u>5,833</u>
Net assets		<u>241,546</u>	<u>221,353</u>
Capital and reserves			
Share capital	13	10,000	10,000
Reserves		197,574	177,554
		<u>207,574</u>	<u>187,554</u>
Equity attributable to owners of the Company		207,574	187,554
Non-controlling interests		33,972	33,799
		<u>33,972</u>	<u>33,799</u>
Total equity		<u>241,546</u>	<u>221,353</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; 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.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Impacts on application of Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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.

New or revised standards that have been issued but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement ²	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ⁴

- ¹ Effective for annual periods beginning on or after 1 June 2020
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ Effective for annual periods beginning on or after 1 April 2021
- ⁴ Effective for annual periods beginning on or after 1 January 2022
- ⁵ Effective for annual periods beginning on or after 1 January 2023
- ⁶ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and 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, 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 and reportable segments:

Year ended 31 March 2021

	Vessel chartering and related services HK\$'000	Ship management services HK\$'000	Total HK\$'000
SEGMENT REVENUE			
External revenue	<u>200,850</u>	<u>25,344</u>	<u>226,194</u>
Segment profit	<u>46,553</u>	<u>11,339</u>	57,892
Share of results of associates			(32)
Other income			10,743
Other gains and losses			3,685
Administrative expenses			(36,793)
Finance costs			<u>(70)</u>
Profit before taxation			<u>35,425</u>

Year ended 31 March 2020

	Vessel chartering and related services HK\$'000	Ship management services HK\$'000	Total HK\$'000
SEGMENT REVENUE			
External revenue	<u>177,194</u>	<u>25,224</u>	<u>202,418</u>
Segment profit	<u>42,814</u>	<u>8,794</u>	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			<u>(95)</u>
Profit before taxation			<u>13,282</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, 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. OTHER INCOME

	2021	2020
	HK\$'000	HK\$'000
Interest income from banks	611	1,055
Management fee income	360	360
Government subsidies	8,731	—
Others	1,041	489
	<u>10,743</u>	<u>1,904</u>

During the current year, the Group recognised the government grants of HK\$8,731,000 in respect of COVID-19-related subsidies, of which 8,322,000 relates to Employment Support Scheme provided by the Hong Kong Government.

5. OTHER GAINS AND LOSSES

	2021	2020
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	3,687	2,676
Net exchange (loss) gain	(2)	125
	<u>3,685</u>	<u>2,801</u>

6. FINANCE COSTS

	2021	2020
	HK\$'000	HK\$'000
Interest on lease liabilities	<u>70</u>	<u>95</u>

7. INCOME TAX EXPENSES

	2021	2020
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
– current year	4,142	1,406
– overprovision in prior years	(66)	(174)
	<u>4,076</u>	<u>1,232</u>
Deferred tax:		
Current year	<u>1,256</u>	<u>839</u>
	<u><u>5,332</u></u>	<u><u>2,071</u></u>

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2021	2020
	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	79,972	65,905
– Retirement benefit scheme contributions	2,593	2,042
Total staff costs	<u>82,565</u>	<u>67,947</u>
Depreciation of property, plant and equipment	5,778	4,251
Depreciation of right-of-use assets	2,209	2,156
Auditor's remuneration	<u>1,320</u>	<u>1,400</u>

9. DIVIDENDS

	2021	2020
	HK\$'000	HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Final - HK0.5 cents (2020: nil)	<u>5,000</u>	<u>—</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2021 of HK1.3 cent (2020: HK0.5 cent) per ordinary shares, in an aggregate amount of HK\$13,000,000 (2020: HK\$5,000,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK\$'000	HK\$'000
Trade receivables		
– Third party	53,238	48,753
– An associate	<u>17,846</u>	<u>—</u>
	71,084	48,753
Less: Allowance of credit loss	<u>(2,350)</u>	<u>—</u>
	68,734	48,753
Other receivables		
– Prepayments	4,139	3,697
– Deposits	1,958	343
– Rental deposits	492	365
– Others	<u>3</u>	<u>214</u>
Sub Total	75,326	53,372
Less: Rental deposits shown under non-current asset	<u>(492)</u>	<u>(365)</u>
Amounts shown under current assets	<u>74,834</u>	<u>53,007</u>

At 1 April 2019, trade receivables from contracts with customers amounted to HK\$47,531,000.

The Group allows a credit period of 30 to 90 days (2020: 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:

	2021	2020
	HK\$'000	HK\$'000
Within 30 days	34,100	17,534
31 to 60 days	15,499	14,993
61 to 90 days	10,176	11,502
91 to 120 days	5,416	4,209
Over 120 days	3,543	515
	<u>68,734</u>	<u>48,753</u>

11. RESTRICTED DEPOSITS

As at 31 March 2021, the Group had restricted cash placed with a bank of approximately HK\$2,303,000 for the performance bond issued by the bank in favour of provision of vessel chartering and related service to one customer.

12. TRADE AND OTHER PAYABLES

	2021	2020
	HK\$'000	HK\$'000
Trade payables	14,570	11,999
Accrued expenses	7,382	7,002
Deposits received	623	386
Other payables	6	—
	<u>22,581</u>	<u>19,387</u>

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.

	2021	2020
	HK\$'000	HK\$'000
Within 30 days	6,404	5,761
31 to 60 days	5,111	5,417
61 to 90 days	1,818	710
91 to 120 days	637	—
Over 120 days	600	111
	<u>14,570</u>	<u>11,999</u>

13. SHARE CAPITAL

	Number of shares	Amount HK\$	Shown as HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised			
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>N/A</u>
Issued and fully paid			
At 1 April 2019, 31 March 2020 and 31 March 2021	<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; 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) 36 self-owned vessels and (ii) vessels chartered from third-party vessel suppliers from time to time.

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

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 become 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 11.7%, from approximately HK\$202,418,000 for the year ended 31 March 2020 to approximately HK\$226,194,000 for the year ended 31 March 2021. Such increase was mainly attributable to the increase in the revenue of the Group's vessel chartering and related services by approximately 13.4%, from approximately HK\$177,194,000 for the year ended 31 March 2020 to approximately HK\$200,850,000 for the year ended 31 March 2021, 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 10.0%, from approximately HK\$150,810,000 for the year ended 31 March 2020 to approximately HK\$165,952,000 for the year ended 31 March 2021, which was mainly attributable to the increased staff costs due to the increased number of crews and the general increase in the wage level.

Gross profit and gross profit margins

The Group's gross profit increase by approximately 16.7%, from approximately HK\$51,608,000 for the year ended 31 March 2020 to approximately HK\$60,242,000 for the year ended 31 March 2021. Meanwhile, the Group's gross profit margin remained stable and recorded an increase by approximately 1.1 percentage point from approximately 25.5% for the year ended 31 March 2020 to approximately 26.6% for the year ended 31 March 2021.

Other income

The Group's other income increased by approximately 464.2%, from approximately HK\$1,904,000 for the year ended 31 March 2020 to approximately HK\$10,743,000 for the year ended 31 March 2021. Such increase was mainly attributable by the recognition of government grants of HK\$8,731,000 in respect of COVID-19 related subsidies.

Other gains and losses

The Group's other gains increased from approximately HK\$2,801,000 for the year ended 31 March 2020 to approximately HK\$3,685,000 for the year ended 31 March 2021. Such other gains mainly represented by the recognition of non-recurring gains on disposal of vessels during the year ended 31 March 2021.

Administrative expenses

The Group's administrative expenses decreased by approximately 17.3%, from approximately HK\$44,492,000 for the year ended 31 March 2020 to approximately HK\$36,793,000 for the year ended 31 March 2021, which was mainly attributable by the decrease in the business development expenses and public relations expenses during the year ended 31 March 2021.

Finance costs

The Group's finance costs decreased from approximately HK\$95,000 for the corresponding period last year to approximately HK\$70,000 for the current year, which was represent by the interest on lease liabilities being recognized pursuant to HKFRS 16.

Share of results of associates

The Group recorded share of loss from associates of approximately HK\$32,000 during the year ended 31 March 2021 (2020: share of gain of HK\$1,556,000), Such change mainly represented by (i) the share of loss of Scenic Shipping Company Limited due to the tax expense related to its disposal of vessels in prior years, being partially set off by (ii) the share of profit of Eastlink Marine Services Limited.

Income tax expenses

For the year ended 31 March 2021, the Group's income tax expenses were approximately HK\$5,332,000 (2020: approximately HK\$2,071,000), and the effective tax rate was approximately 15.1% (2020: approximately 15.6%).

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 increased by approximately 157.9%, from approximately HK\$9,700,000 for the year ended 31 March 2020 to approximately HK\$25,020,000 for the year ended 31 March 2021. Basic earnings per share attributable to owners of the Company increased from approximately HK0.97 cent for the year ended 31 March 2020 to approximately HK2.50 cents for the year ended 31 March 2021.

Dividend

The Board has resolved to recommend the payment of a final dividend of HK1.3 cent per ordinary share in respect of the year ended 31 March 2021 (2020: 0.5 cent). The proposed final dividend which totals HK\$13,000,000 (2020: HK\$5,000,000), if approved at the forthcoming annual general meeting, will be paid on 16 September 2021 to the shareholders on the register of members as at 2 September 2021.

Trade and other receivables

The Group's trade and other receivables were increased by approximately 41.2%, from approximately HK\$53,007,000 as at 31 March 2020 to approximately HK\$74,834,000 as at 31 March 2021.

The Group's trade receivables turnover days increased from approximately 86.8 days for the year ended 31 March 2020 to approximately 96.7 days for the year ended 31 March 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had net current assets of approximately HK\$135,695,000 as at 31 March 2021 (2020: approximately HK\$140,721,000). The Group's current ratio remained stable and recorded a slight decrease from approximately 6.7 as at 31 March 2020 to approximately 5.6 as at 31 March 2021.

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 31 March 2021, the Group's gearing ratio was nil (2020: nil), as there were no debts as at 31 March 2021 and 31 March 2020.

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 13 to this announcement.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of approximately HK\$10,985,000 during the year ended 31 March 2021 (2020: approximately HK\$23,980,000), mainly represented the addition of vessels.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no significant capital commitments (2020: nil).

SIGNIFICANT INVESTMENTS

The Group did not have any significant investment during the year ended 31 March 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not conduct any material acquisition and disposal of subsidiaries during the year ended 31 March 2021.

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 2021, the Group did not have any significant contingent liabilities (2020: nil).

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 31 March 2021 and up to the date of 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 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 2021, 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 2021, 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 2021, 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 2021, 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 2021 <i>HK\$'000</i>	Utilised net proceeds as at 31 March 2021 <i>HK\$'000</i>	Remaining balance of the net proceeds as at 31 March 2021 <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	2022
	<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 2022.

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 2021 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 2021, 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 2021 to 26 August 2021, 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 2021 are entitled to attend the forthcoming annual general meeting scheduled on 26 August 2021. 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 2021.

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 2021, 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 2021.

PUBLICATION OF ANNUAL RESULTS AND 2021 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 2021 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, 28 June 2021

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.