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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

HIGHLIGHTS

- The net profit for the period attributable to owners of the Company has increased by 38.8%, from approximately HK\$13,033,000 for the six months ended 30 September 2021 to approximately HK\$18,084,000 for the six months ended 30 September 2022.
- Basic earnings per share for the six months ended 30 September 2022 was approximately HK1.81 cent. (2021: HK1.30 cent).
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2022.

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 2022 (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 2022

		Six months ended	
	Notes	30 September	
		2022	2021
		HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue	3	131,550	145,531
Cost of revenue		(86,560)	(113,924)
Gross profit		44,990	31,607
Other income	4	2,752	390
Other gains and losses	4	—	3,607
Administrative expenses		(21,180)	(17,241)
Finance costs	5	(50)	(35)
Share of results of associates		(1,661)	290
Profit before taxation		24,851	18,618
Income tax expenses	6	(3,853)	(2,213)
Profit and total comprehensive income for the period	7	20,998	16,405
Profit and total comprehensive income attributable to:			
– owners of the Company		18,084	13,033
– non-controlling interests		2,914	3,372
		20,998	16,405
Earnings per share - Basic (HK cent)	9	1.81	1.30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

		At 30 September 2022 <i>HK\$'000</i> <i>(unaudited)</i>	At 31 March 2022 <i>HK\$'000</i> <i>(audited)</i>
Non-current assets			
Property, plant and equipment		120,006	103,370
Deposit for acquisition of property, plant and equipment		2,500	6,812
Right-of-use assets		2,190	2,190
Interests in associates		6,759	8,420
Other non-current asset		3,100	3,100
Rental deposits	10	—	142
Deferred tax assets		1,274	1,336
		135,829	125,370
Current assets			
Trade and other receivables	10	52,519	133,861
Tax recoverable		165	165
Time deposits		73,100	8,057
Bank balances and cash		69,637	73,354
		195,421	215,437
Current liabilities			
Trade and other payables	11	35,765	46,853
Amounts due to associates		3,512	2,851
Amount due to non-controlling shareholder of a subsidiary		4,900	4,900
Lease liabilities		1,953	1,953
Tax payables		5,178	2,386
		51,308	58,943
Net current assets		144,113	156,494
Total assets less current liabilities		279,942	281,864

		At 30 September	At 31 March
	Note	2022	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(audited)</i>
Non-current liabilities			
Lease liabilities		265	265
Deferred tax liabilities		12,013	11,013
		<u>12,278</u>	<u>11,278</u>
Net assets		<u>267,664</u>	<u>270,586</u>
Capital and reserves			
Share capital	12	10,000	10,000
Reserves		223,461	225,377
		<u>233,461</u>	<u>235,377</u>
Equity attributable to owners of the Company		34,203	35,209
Non-controlling interest		<u>267,664</u>	<u>270,586</u>
Total equity		<u>267,664</u>	<u>270,586</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 2022 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2022.

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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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. 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 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 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.

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.

3. 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 2022 (unaudited)

	Vessel chartering and related services <i>HK\$'000</i>	Ship management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE			
External revenue	<u>118,600</u>	<u>12,950</u>	<u>131,550</u>
Segment profit	<u>38,958</u>	<u>6,032</u>	44,990
Share of results of associates			(1,661)
Other income			2,752
Other gain and losses			—
Administrative expenses			(21,180)
Finance costs			<u>(50)</u>
Profit before taxation			<u>24,851</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2021 (unaudited)

	Vessel chartering and related services <i>HK\$'000</i>	Ship management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE			
External revenue	<u>132,598</u>	<u>12,933</u>	<u>145,531</u>
Segment profit	<u>24,545</u>	<u>7,062</u>	31,607
Share of results of associates			290
Other income			390
Other gain and losses			3,607
Administrative expenses			(17,241)
Finance costs			<u>(35)</u>
Profit before taxation			<u>18,618</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.

3. 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.

Six months ended 30 September

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Vessel chartering and related services	118,600	132,598
Ship management services	12,950	12,933
	<u>131,550</u>	<u>145,531</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.

4. OTHER INCOME/OTHER GAINS AND LOSSES

Other income

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from banks	43	71
Management fee income	180	180
Government subsidies	2,321	—
Others	208	139
	<u>2,752</u>	<u>390</u>

During the current interim period, the Group recognised HK\$2,321,000 government grants (2021: HK\$nil) in respect of COVID-19-related subsidies, of which HK\$2,321,000 (2021: HK\$nil) relates to Employment Support Scheme provided by the Hong Kong government.

Other gains and losses

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange gain	—	4
Gain on disposal of property, plant and equipment	—	2,647
Fair value change of financial asset at fair value through profit or loss	—	956
	<u>—</u>	<u>3,607</u>

5. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	<u>50</u>	<u>35</u>

6. INCOME TAX EXPENSES

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
– Current period	2,915	1,520
Deferred tax	<u>938</u>	<u>693</u>
	<u>3,853</u>	<u>2,213</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%.

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit and total comprehensive income for the period has been arrived at after charging:		
Staff costs, including directors' remuneration	40,035	38,317
Depreciation of property, plant and equipment	3,963	3,206
Depreciation on right-of-use assets	1,203	1,105
Auditor's remuneration	80	80
	<u> </u>	<u> </u>

8. DIVIDEND

During the current interim period, a final dividend of HK2.0 cent in respect of the year ended 31 March 2022 (2021: HK1.3 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\$20,000,000 (2021: HK\$13,000,000).

The directors of the Company do not recommend payment of interim dividend for both interim periods.

9. EARNINGS PER SHARE

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

	At	At
	30 September	30 September
	2022	2021
Earnings:		
Profit for the period attributable to owners of the Company for purpose of basic earnings per share (HK\$'000)	<u>18,084</u>	<u>13,033</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	<u>1,000,000</u>	<u>1,000,000</u>

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

10. TRADE AND OTHER RECEIVABLES

	At 30 September 2022 <i>HK\$'000</i>	At 31 March 2022 <i>HK\$'000</i>
Trade receivables - gross	54,663	134,779
Less: Allowance for credit loss	<u>(5,262)</u>	<u>(5,262)</u>
	49,401	129,517
Other receivables		
– Prepayments	1,648	2,607
– Deposits	975	1,384
– Rental deposits	492	492
– Others	<u>3</u>	<u>3</u>
Sub-total	52,519	134,003
Less: Rental deposits shown under non-current assets	<u>—</u>	<u>(142)</u>
Amounts shown under current assets	<u><u>52,519</u></u>	<u><u>133,861</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 2022 <i>HK\$'000</i>	At 31 March 2022 <i>HK\$'000</i>
Within 30 days	18,042	58,160
31 to 60 days	15,170	25,716
61 to 90 days	10,782	24,255
91 to 120 days	4,312	17,303
Over 120 days	<u>1,095</u>	<u>4,083</u>
	<u><u>49,401</u></u>	<u><u>129,517</u></u>

11. TRADE AND OTHER PAYABLES

	At 30 September 2022 <i>HK\$'000</i>	At 31 March 2022 <i>HK\$'000</i>
Trade payables	18,979	31,032
Accrued expenses	16,408	14,533
Deposits received	378	1,288
	<hr/>	<hr/>
Total trade and other payables	35,765	46,853
	<hr/> <hr/>	<hr/> <hr/>

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 2022 <i>HK\$'000</i>	At 31 March 2022 <i>HK\$'000</i>
Within 30 days	5,803	11,856
31 – 60 days	5,494	9,592
61 – 90 days	3,085	3,544
91 – 120 days	1,280	3,890
Over 120 days	3,317	2,150
	<hr/>	<hr/>
	18,979	31,032
	<hr/> <hr/>	<hr/> <hr/>

12. SHARE CAPITAL

	Number of shares	Amount <i>HK\$</i>	Shown as <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
Authorised			
At 1 April 2021, 30 September 2021, 1 April 2022 and 30 September 2022	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>N/A</u>
Issued and fully paid			
At 1 April 2021, 30 September 2021, 1 April 2022 and 30 September 2022	<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 is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2022. 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; 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) 54 self-owned vessels; and (ii) vessels chartered from third-party vessel suppliers from time to time.

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 Tung Chung New Town Extension 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 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

For the six months ended 30 September 2022, the Group's total revenue recorded a decrease of 9.6% from approximately HK\$145,531,000 for the corresponding period last year to approximately HK\$131,550,000 for the Period, which was mainly attributed by the decreased revenue of vessel chartering and related services, such as procurement services, rendered to short term marine services projects.

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 decreased by approximately 24.0%, from approximately HK\$113,924,000 for the corresponding period last year to approximately HK\$86,560,000 for the Period, which was mainly represented by the decreased vessel chartering expenses payable to third-party vessel suppliers and other costs related to services rendered to short term marine services projects during the Period, as such revenue has decreased during the Period.

Gross profit and gross profit margins

The Group's gross profit increased by approximately 42.3%, from approximately HK\$31,607,000 for the corresponding period last year to approximately HK\$44,990,000 for the Period. Meanwhile, the Group's gross profit margin increased by approximately 12.5 percentage point from approximately 21.7% for the corresponding period last year to approximately 34.2% for the Period, which was mainly due to (i) the aforesaid decrease in the provision of third-party owned vessels, which generated relatively lower gross profit margin than the Group's self-owned vessels; and (ii) decreased portion of lower gross profit margin services rendered among the total revenue.

Other income

The Group's other income increased from approximately HK\$390,000 for the corresponding period last year to approximately HK\$2,752,000 for the Period.

During the six months ended 30 September 2022, the Group recognised government grants of HK\$2,321,000 (2021: HK\$nil) in respect of COVID-19-related subsidies, of which HK\$2,321,000 (2021: HK\$nil) relates to Employment Support Scheme provided by the Hong Kong government.

Other gains and losses

The Group recorded nil other gains for the Period (six months ended 30 September 2021: approximately HK\$3,607,000). Such other gains recorded during the corresponding period last year mainly represented by the non-recurring gains on disposals of a vessel and fair value change of financial asset at fair value through profit or loss.

Administrative expenses

The Group's administrative expenses increased by approximately 22.8%, from approximately HK\$17,241,000 for the corresponding period last year to approximately HK\$21,180,000 for the Period, which was mainly attributable by the increase in the staff costs and the business development expenses during the period.

Finance cost

The Group's finance costs increased from approximately HK\$35,000 for the corresponding period last year to approximately HK\$50,000 for the Period, which was attributable by the recognition of interest on lease liabilities.

Share of results of associates

The Group recorded share of losses of associates of approximately HK\$1,661,000 for the Period (six months ended 30 September 2021: share of profits of approximately HK\$290,000).

The share of losses from associates mainly represented by (i) share of loss of Yun Lee (Tim Kee) Marine Construction Limited, being partially set off by (ii) share of profit of Eastlink Marine Services Limited.

As at 30 September 2022, Yun Lee (Tim Kee) Marine Construction Limited was in net liability position, the Group's investment in Yun Lee (Tim Kee) Marine Construction Limited stated in the consolidated statement of financial position was HK\$0.

Income tax expenses

For the six months ended 30 September 2022, the Group's income tax expenses were approximately HK\$3,853,000 (six months ended 30 September 2021: approximately HK\$2,213,000), and the effective tax rate was approximately 15.50% (six months ended 30 September 2021: approximately 11.89%). The change in effective tax rate was mainly represented by the non-deductibility of share of losses of associates and the recognition of deferred tax assets 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 increased by approximately 38.8%, from approximately HK\$13,033,000 for the corresponding period last year to approximately HK\$18,084,000 for the Period. Basic earnings per share attributable to owners of the Company increased from approximately HK1.30 cent for corresponding period last year to approximately HK1.81 cent for the Period.

Dividend

The Board does not recommend the payment of interim dividend for the Period.

Trade and other receivables

The Group's trade and other receivables decreased from approximately HK\$133,861,000 as at 31 March 2022 to approximately HK\$52,519,000 as at 30 September 2022.

The Group's trade receivables turnover days recorded an increase from approximately 103.2 days for the year ended 31 March 2022 to approximately 129.6 days for the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had net current assets of approximately HK\$144,113,000 as at 30 September 2022 (at 31 March 2022: approximately HK\$156,494,000). The Group's current ratio remained stable and recorded an increase from approximately 3.66 as at 31 March 2022 to approximately 3.81 as at 30 September 2022.

Gearing ratio is calculated based on the total non-trade debts divided by total equity at the respective reporting date. As at 30 September 2022, the Group's gearing ratio was nil (at 31 March 2022: nil), as the Group did not have any non-trade debts as at 30 September 2022 and 31 March 2022.

Following the Listing, 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 12 to this announcement.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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 2022 (31 March 2022: Nil).

COMMITMENTS

As at 30 September 2022, the Group had no significant capital commitments (31 March 2022: 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 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 2022, 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 2022, 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 30 September 2022	Remaining balance of the net proceeds as at 30 September 2022	Expected timetable of full utilisation of the balance
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Acquiring vessels	43,625	43,625	—	—
Setting up a shipyard in Hong Kong (<i>Note</i>)	22,000	—	22,000	2023
	<u>65,625</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 2023.

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 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 during the six months ended 30 September 2022, 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 (“**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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 the management of the Group and reviewed this interim results announcement and the consolidated financial statements for the period ended 30 September 2022, 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.

PUBLICATION OF INTERIM RESULTS AND 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, 28 November 2022

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.