



**SOMERLEY CAPITAL HOLDINGS LIMITED**

新百利融資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8439

**INTERIM REPORT  
2023/24**

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of Somerley Capital Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The directors of the Company (the “Directors”), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the pick-up in corporate finance activity which I noted in this financial year's first quarterly report has continued in the second quarter. Taking the second quarter in isolation, a profit of approximately HK\$800,000 was achieved on revenue of HK\$17.7 million, an increase of almost 50% over revenue for the second quarter of last year. Although this financial year's second quarter result was not quite sufficient to offset the small loss in the first quarter, the Company's performance in the first half of this financial year is creditable in the circumstances. As announced on 31 October 2023, this performance was largely due to the determined efforts of our corporate finance teams to execute and complete ongoing transactions for clients.

For the six months period ended 30 September 2023 (the "Period") as a whole, the Group's revenue was approximately HK\$32.4 million, an increase of 28.1% over the corresponding period of last year. Revenue for the period was well balanced, with HK\$8.8 million coming from financial advisory ("FA") assignments, HK\$12.0 million from independent financial advice ("IFA") and HK\$11.6 million from compliance advisory ("CA") work. FA and IFA revenue increased handily from last year. CA revenue declined slightly. However, this was a satisfactory performance given that CA roles typically run-off over about 18 months and the weak IPO market has made it challenging to replace expiring CA roles.

Employee benefit costs, our largest expense, increased slightly to approximately HK\$25.5 million from approximately HK\$24.6 million for the corresponding previous period. In these difficult times, we attempt to control this critical cost while still wishing to reward staff for their good performance.

Our second largest expense is for rental (depreciation of right-of-use assets) of approximately HK\$3.6 million, similar to last year. Our current lease expires on 30 June 2024.

Other operating expenses at approximately HK\$5.2 million, principally relate to other accommodation expenses, recurring GEM listing expenses and insurance. They are similar to last year's other operating expenses of HK\$5.0 million.

Accordingly, the overall result for the Period is a loss of approximately HK\$0.9 million. While we are disappointed not to be able to report a profit for the Period, the improvement from the corresponding loss of HK\$9.4 million for last year is substantial.

Our balance sheet remains strong, with net assets at 30 September 2023 of HK\$80.4 million after payment of the FY2023 final dividend of HK\$3.6 million. Cash and cash equivalents at 30 September 2023 were HK\$65 million.

The outlook for the second half of the financial year remains difficult to forecast with confidence. The strong revenue in the second quarter was due to our work on several large transactions, some of which remained to be billed in the third quarter, but competition for new mandates remains tough. Our objective is to sustain the profitability achieved in the second quarter but we are under no illusion that this continues to be a challenging task. My thanks as always to our staff and our clients for their continuing support.

Yours sincerely,

**Martin Sabine**

*Chairman*

## BUSINESS REVIEW AND PROSPECT

### Analysis of Principal Businesses

The Group is an integrated financial services provider licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and, through its subsidiaries, is principally engaged in providing corporate finance advisory services.

The corporate finance advisory business carried on by Somerley Capital Limited and Somerley Capital (Beijing) Limited is the Group's core business segment. The Group's corporate finance advisory services mainly include (i) acting as financial adviser to Hong Kong public listed companies, major shareholders and investors of these companies and parties seeking to control or invest in listed companies in Hong Kong, mostly in transactions which involve the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs; (ii) acting as independent financial adviser to independent board committees and/or independent shareholders of listed companies in Hong Kong; (iii) acting as compliance adviser, for newly listed and existing listed companies in Hong Kong; (iv) acting as sponsor to initial public offerings and listings of shares of companies on the Stock Exchange in Hong Kong and advising on secondary equity issues in Hong Kong; and (v) acting as advisor to cross-border mergers and acquisitions.

Despite some headwinds, the Group's operational teams have performed effectively. The level of the Group's corporate finance activity picked up in the first six months of the new financial year ending 31 March 2024, matching the level of year-on-year improvement seen in the second half of last financial year. For the six months ended 30 September 2023 (the "Period"), the Group reported an approximately 28.1% increase in revenue compared to the last corresponding period, despite the market environment for Hong Kong corporate finance remaining challenging. Taking the second quarter in isolation, the Group operated profitably although the result was not sufficient to offset the loss for the first quarter. Consequently, the Group incurred an after-tax loss for the Period of approximately HK\$0.9 million (2022: approximately HK\$9.4 million). The improvement over 2022 was due to an approximately HK\$7.1 million increase in revenue and an approximately HK\$2.2 million net increase in investment income, partially offset by an approximately HK\$0.9 million increase in employee benefits costs.

The corporate finance advisory business segment recorded revenue of approximately HK\$32.4 million (2022: approximately HK\$25.3 million) and a segment profit before tax of approximately HK\$0.2 million (2022: segment loss before tax of approximately HK\$6.8 million) for the Period. A segment loss before tax of approximately HK\$0.5 million (2022: approximately HK\$0.6 million) was incurred by the Group's asset management business segment for the Period.

### Prospects

The outlook for the second half of the financial year ending 31 March 2024 remains difficult to forecast with confidence. The strong revenue in the second quarter was due to the Group's work on several large transactions, some of which remained to be billed in the third quarter, but competition for new mandates remains tough. The Group's objective is to sustain the profitability achieved in the second quarter but the Group is under no illusion that this continues to be a challenging task.

## FINANCIAL REVIEW

### Revenue

The Group's total revenue increased by approximately 28.1% to approximately HK\$32.4 million for the Period from approximately HK\$25.3 million for the six months ended 30 September 2022.

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Period amounted to approximately HK\$20.8 million (2022: approximately HK\$12.8 million), accounting for approximately 64.2% of the Group's total revenue (2022: approximately 50.6%). The increase is mainly due to the determined efforts of the Group's teams in facilitating the execution and completion of ongoing transactions for clients.

Revenue generated from acting as compliance adviser ("CA") for the Period amounted to approximately HK\$11.6 million (2022: approximately HK\$12.2 million), accounting for approximately 35.8% of the Group's total revenue (2022: approximately 48.2%). CA activities continue to provide a stable source of income to the Group, complementing the more fluctuating corporate finance advisory income. The Group's teams have worked hard to demonstrate to clients the added value the Group can provide to them through its CA roles.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Investment Income (Loss), Net and Other Income and (Losses) Gains, Net

Investment income (loss), net represents interest income, dividend income, and trading gain (loss) in respect of the Group's proprietary trading under its liquidity management.

	For the six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
<b>Investment income (loss), net</b>		
Interest income	872	119
Dividends from financial assets at fair value through profit or loss	—	194
Fair value gain on derivative financial instrument	1,012	—
Fair value gain (loss) on financial assets at fair value through profit or loss	30	(577)
	<b>1,914</b>	<b>(264)</b>

Other income and (losses) gains, net mainly represented management service fee income from Somerley Group Limited ("SGL"), office sharing income and reimbursement of other premise expenses from SGL, net exchange difference and loss on deemed disposal of an associate.

	For the six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
<b>Other income and (losses) gains, net</b>		
Management fee income from ultimate holding company	90	90
Office sharing income and reimbursement of other premises expenses from ultimate holding company	386	386
Exchange loss, net	(60)	(854)
Loss on deemed disposal of an associate	(797)	—
Other	—	11
	<b>(381)</b>	<b>(367)</b>

On 10 August 2023, the Group entered into the supplemental agreement with CoinstreetPro (Global) Limited to acquire the derivative financial instrument that safeguards the Group's investment in CSpro (Hong Kong) Limited ("CSpro") (formerly known as Signum Digital Limited) and contributed further capital with HK\$0.9 million for business development of CSpro. After the completion, the Group's interest in CSpro was diluted and decreased from 25% to 12.5%, resulting in a loss on deemed disposal of an associate of approximately HK\$0.8 million and fair value gain on derivative financial instrument of approximately HK\$1.0 million.

### Employee Benefits Costs

The Group's employee benefits costs primarily consist of fees, salaries, bonuses and allowances as well as contributions to the retirement benefits scheme for the Directors and the employees of the Group.

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Fees, salaries, allowances and other benefits	<b>24,271</b>	24,057
Accrued bonuses	<b>655</b>	—
Contributions to the retirement benefits scheme	<b>559</b>	569
	<b>25,485</b>	24,626

Employee benefits costs slightly increased to approximately HK\$25.5 million for the Period from approximately HK\$24.6 million for the six months ended 30 September 2022. The increase was mainly due to the bonuses of approximately HK\$0.7 million accrued for the Period.

### Depreciation and Other Operating Expenses

The Group adopted HKFRS 16 under which all non-cancellable operating leases, except for short-term leases and leases for low-value assets, entered by the Group are recorded as right-of-use assets whose costs will be depreciated over the lease terms. Therefore, the rental expenses are included as depreciation of right-of-use assets under HKFRS 16 for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses were mainly recurring GEM listing expenses, travelling expenses, professional fees and other expenses, including utility expenses, building management fees, telecommunication expenses, information technology related expenses, data intelligence service subscription fees and insurance expenses.

	For the six months ended	
	30 September 2023	2022
	HK\$'000	HK\$'000
Depreciation of property and equipment	390	390
Depreciation of right-of-use assets	3,569	3,589
	3,959	3,979
Other premises expenses	948	997
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	1,204	998
Others	3,026	3,003
	9,137	8,977

The Group's depreciation and other operating expenses remained at similar level for the Period and six months ended 30 September 2022.

### Loss for the Period

For the Period, the Group recorded a loss before tax of approximately HK\$1.0 million (2022: loss before tax of approximately HK\$9.5 million), and after-tax loss was approximately HK\$0.9 million (2022: after-tax loss of approximately HK\$9.4 million). The improvement over 2022 was due to an approximately HK\$7.1 million increase in revenue and an approximately HK\$2.2 million net increase in investment income, partially offset by an approximately HK\$0.9 million increase in employee benefits costs.

## Liquidity, Financial Resources and Capital Structure

The Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations.

The Group's equity consists of ordinary shares of the Company (the "Shares"). The Group had neither banking facilities nor borrowings as at 31 March 2023 and 30 September 2023.

The Directors are of the view that the Group's financial resources are fully sufficient to support its business and operations at the date hereof.

## Foreign Exchange Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

## Future Plans for Material Investments or Capital Assets

The Group had no capital commitments as at 30 September 2023 (31 March 2023: nil). The Group did not have plans for making material investments or acquiring capital assets as at 30 September 2023.

## Significant Investments

Except for investments in subsidiaries disclosed in this report, the Group did not hold any significant investments during the Period.

## Material Acquisition and Disposal of Subsidiaries, Associates or Joint Ventures

Save as disclosed elsewhere in this report, there were no material acquisitions and disposals of subsidiaries, associates or joint ventures by the Group during the Period.

## Events after the Reporting Date

745,830 and 1,201,332 share options were exercised by Mr. CHOW Wai Hung Kenneth and other employees of the Group, respectively, after 30 September 2023 pursuant to the share option scheme adopted on 11 May 2016 (the "Pre-IPO Share Option Scheme"). An aggregate of 1,947,162 new Shares at the exercise price of HK\$0.09 have been issued after 30 September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, the Group has no significant events subsequent to 30 September 2023 and up to the date of this report.

### Charge on Assets & Contingent Liabilities

As at 31 March 2023 and 30 September 2023, the Group did not have any charges on its assets or material contingent liabilities.

### Gearing Ratio

As at 31 March 2023 and 30 September 2023, the Group did not have any borrowings and hence gearing ratio was not applicable.

### Dividend

The board of Directors (the "Board") does not recommend the payment of any dividend for the Period (2022: nil).

### Treasury Policies

The credit risk facing the Group is primarily attributable to bank balances and trade receivables. Bank balances are held with leading licensed banks in Hong Kong. The management of the Group regularly reviews the recoverable amount of each individual trade receivable to monitor prompt recovery and if necessary to make adequate impairment losses for irrecoverable amounts.

### Employees and Remuneration Policies

The Group employed 48 employees as at 31 March 2023 and 30 September 2023.

For the Period, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK\$25.5 million (2022: approximately HK\$24.6 million). Remuneration is determined with reference to market terms, the financial results of the Group and the performance, qualifications and experience of employees. Apart from basic remuneration, share options may be granted under the share option schemes of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

# REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



國富浩華（香港）會計師事務所有限公司  
Crowe (HK) CPA Limited  
香港 銅鑼灣 禮頓道77號 禮頓中心9樓  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## TO THE BOARD OF DIRECTORS OF SOMERLEY CAPITAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 13 to 42 which comprises the condensed consolidated statement of financial position of Somerley Capital Holdings Limited (the "Company") as of 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

# REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

**Crowe (HK) CPA Limited**

*Certified Public Accountants*

**CHIU Lung Sang**

Practicing Certificate Number P08091

Hong Kong

10 November 2023

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

The Board is pleased to present the unaudited condensed consolidated results of the Group for the Period, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$' 000 (Unaudited)	2022 HK\$' 000 (Unaudited)	2023 HK\$' 000 (Unaudited)	2022 HK\$' 000 (Unaudited)
Revenue	6	17,682	11,864	32,413	25,278
Investment income (loss), net	7	1,520	3	1,914	(264)
Other income and (losses) gains, net	7	(565)	46	(381)	(367)
Employee benefits costs		(12,927)	(12,689)	(25,485)	(24,626)
Depreciation	12	(1,977)	(1,952)	(3,959)	(3,979)
Share of losses of associates		(13)	(117)	(13)	(117)
Finance costs		(81)	(78)	(176)	(165)
Impairment loss reversed (recognised) in respect of trade receivables		16	(53)	(114)	(232)
Other operating expenses		(2,956)	(2,746)	(5,178)	(4,998)
Profit (loss) before tax	8	699	(5,722)	(979)	(9,470)
Income tax credit	9	104	48	101	97
Profit (loss) for the period		803	(5,674)	(878)	(9,373)
Other comprehensive loss Item that may be reclassified subsequently to profit or loss: Exchange difference arising on translation of foreign operations		(2)	(22)	(20)	(46)
Total comprehensive income (loss) for the period		801	(5,696)	(898)	(9,419)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

Note	Three months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit (loss) for the period attributable to:				
Owners of the Company	818	(5,641)	(839)	(9,313)
Non-controlling interests	(15)	(33)	(39)	(60)
	803	(5,674)	(878)	(9,373)
Total comprehensive income (loss) for the period attributable to:				
Owners of the Company	816	(5,663)	(859)	(9,359)
Non-controlling interests	(15)	(33)	(39)	(60)
	801	(5,696)	(898)	(9,419)
Earnings (loss) per share — basic and diluted (HK cents)	10			
	0.57	(3.96)	(0.59)	(6.54)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$' 000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	12	1,976	2,094
Right-of-use assets	12	6,362	10,043
Goodwill		—	—
Intangible asset		1,300	1,300
Interests in associates		—	599
Rental deposits	13	220	2,305
Deferred tax assets		184	83
		<b>10,042</b>	16,424
<b>Current assets</b>			
Trade receivables	13	9,598	12,042
Prepayments, deposits and other receivables	13	6,524	6,555
Financial assets at fair value through profit or loss	14	706	1,705
Derivative financial instrument		1,012	—
Tax recoverable		45	368
Cash and cash equivalents		65,043	63,540
		<b>82,928</b>	84,210
<b>Current liabilities</b>			
Contract liability		818	188
Other payables and accruals	15	1,958	2,255
Amount due to an associate		—	57
Lease liabilities	12	6,072	7,219
Tax payable		—	5
		<b>8,848</b>	9,724
Net current assets		<b>74,080</b>	74,486
Total assets less current liabilities		<b>84,122</b>	90,910

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities	12	929	3,164
Provision for long service payment		290	267
Provision for reinstatement cost		2,300	2,300
Deferred tax liabilities		214	214
		<b>3,733</b>	5,945
Net assets		<b>80,389</b>	84,965
Capital and reserves			
Share capital	16	1,432	1,434
Treasury share		—	(73)
Reserves		78,852	83,479
Equity attributable to owners of the Company		<b>80,284</b>	84,840
Non-controlling interests		105	125
Total equity		<b>80,389</b>	84,965

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to the owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Treasury share HK\$'000	Retained earnings HK\$'000	Shareholder contribution reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Other reserve (note) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2023 (Audited)	1,434	46,633	(73)	21,193	4,179	1,555	19	9,900	84,840	125	84,965
Loss for the period	—	—	—	(839)	—	—	—	—	(839)	(39)	(878)
Other comprehensive loss:											
Exchange differences arising on translation of foreign operation	—	—	—	—	—	—	(20)	—	(20)	—	(20)
Total comprehensive loss for the period	—	—	—	(839)	—	—	(20)	—	(859)	(39)	(898)
Dividends recognised as distribution (note 11)	—	(3,580)	—	—	—	—	—	—	(3,580)	—	(3,580)
Change in ownership interest in a subsidiary that does not result in change of control	—	—	—	(19)	—	—	—	—	(19)	19	—
Repurchase and cancellation of ordinary shares (note 16(ii))	(2)	(169)	73	—	—	—	—	—	(98)	—	(98)
At 30 September 2023 (Unaudited)	1,432	42,884	—	20,335	4,179	1,555	(1)	9,900	80,284	105	80,389
At 1 April 2022 (Audited)	1,424	49,639	—	28,014	4,179	1,946	55	9,900	95,157	257	95,414
Loss for the period	—	—	—	(9,313)	—	—	—	—	(9,313)	(60)	(9,373)
Other comprehensive loss:											
Exchange differences arising on translation of foreign operation	—	—	—	—	—	—	(46)	—	(46)	—	(46)
Total comprehensive loss for the period	—	—	—	(9,313)	—	—	(46)	—	(9,359)	(60)	(9,419)
Dividends recognised as distribution (note 11)	—	(3,558)	—	—	—	—	—	—	(3,558)	—	(3,558)
At 30 September 2022 (Unaudited)	1,424	46,081	—	18,701	4,179	1,946	9	9,900	82,240	197	82,437

*Note:* Other reserve represented the difference between the nominal amount of the share capital of Somerley Capital Limited and the nominal amount of the share capital issued by the Company pursuant to a group reorganisation undergone for the initial public offering of the shares of the Company.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(979)	(9,470)
Adjustments for:		
Share of losses of associates	13	117
Loss on deemed disposal of an associate	797	—
Depreciation of property and equipment	390	390
Depreciation of right-of-use assets	3,569	3,589
Interest income	(872)	(119)
Finance costs on lease liabilities	176	165
Provision for long service payments	23	70
Impairment loss recognised in respect of trade receivables	114	232
Fair value gain on derivative financial instrument	(1,012)	—
Fair value (gain) loss on financial assets at fair value through profit or loss	(30)	577
Dividend income	—	(194)
Operating cash flow before movements in working capital	2,189	(4,643)
Decrease (increase) in trade receivables	2,330	(70)
Decrease in prepayments, deposits and other receivables	2,359	744
Increase in contract liability	630	558
Decrease in financial assets at fair value through profit or loss	1,735	2,171
Decrease in other payables and accruals	(297)	(143)
Increase in amount due from ultimate holding company	—	(476)
Cash from (used) in operations	8,946	(1,859)
Profits tax refunded	318	4
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>9,264</b>	<b>(1,855)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2023*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>INVESTING ACTIVITIES</b>		
Advance to an associate	(57)	(466)
Investment in an associate	(917)	—
Dividend received	—	194
Bank interest received	629	36
Purchase of property and equipment	(275)	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(620)</b>	<b>(236)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(3,580)	(3,558)
Repayment of principal element of lease liabilities	(3,193)	(3,245)
Interest paid in respect of lease liabilities	(176)	(165)
Payment for repurchase of shares	(98)	—
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(7,047)</b>	<b>(6,968)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,597</b>	<b>(9,059)</b>
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD</b>	<b>63,540</b>	<b>75,028</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(94)</b>	<b>(58)</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD,</b> represented by bank balances and cash	<b>65,043</b>	<b>65,911</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

## 1. GENERAL

The Company was incorporated on 21 April 2016 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate holding company is Somerley Group Limited (“SGL”), a company incorporated in Hong Kong with limited liabilities. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 20th Floor, China Building, 29 Queen’s Road Central, Central, Hong Kong, respectively.

The Company is principally engaged in investment holding. The Group’s operating subsidiaries are mainly engaged in the provision of corporate finance advisory services and asset management services.

These condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of Somerley Capital Holdings Limited and its subsidiaries (collectively, the Group) for the period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 3. CHANGE IN ACCOUNTING POLICIES

The accounting policies used for the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023, except as described below:

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2023:

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

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

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction.

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

## 5. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The directors of the Company have chosen to organise the Group around differences in services.

Specifically, the Group's reportable segments are (i) corporate finance advisory service and (ii) asset management service.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION (CONTINUED)

No geographical segment analysis on revenue and assets is provided as substantially all of the Group's revenue are derived from Hong Kong and non-current assets are located in Hong Kong.

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

	For the six months ended 30 September 2023			For the six months ended 30 September 2022		
	Corporate finance advisory service	Asset management service	Total	Corporate finance advisory service	Asset management service	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	32,413	—	32,413	25,278	—	25,278
Segment profit (loss)	207	(548)	(341)	(6,827)	(578)	(7,405)
Investment income (loss), net			1,664			(281)
Share of losses of associates			(13)			(117)
Finance costs			(6)			(11)
Corporate and other unallocated expenses			(2,283)			(1,656)
Loss before tax			(979)			(9,470)

Segment profit (loss) represents the profit earned (loss resulted) from each segment without allocation of share of results of associates, certain of interest income, certain of finance costs and central administration costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

No analysis of segment asset and segment liability is presented as the chief operating decision maker no longer regularly reviews such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION (CONTINUED)

### Other segment information

#### For the six months ended 30 September 2023

	Corporate finance advisory service HK\$'000 (Unaudited)	Asset management service HK\$'000 (Unaudited)	Corporate HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss:				
Depreciation of property and equipment	382	3	5	390
Depreciation of right-of-use assets	3,245	106	218	3,569
Impairment loss recognised in respect of trade receivables	114	—	—	114
Interest income	249	1	622	872
Finance costs on lease liabilities	167	3	6	176

#### For the six months ended 30 September 2022

	Corporate finance advisory service HK\$'000 (Unaudited)	Asset management service HK\$'000 (Unaudited)	Corporate HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss:				
Depreciation of property and equipment	382	3	5	390
Depreciation of right-of-use assets	3,265	106	218	3,589
Impairment loss recognised in respect of trade receivables	232	—	—	232
Interest income	26	—	93	119
Finance costs on lease liabilities	149	5	11	165

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue from corporate finance advisory service segment of approximately HK\$3,415,000 from one major customer accounted for 10% or more of the Group's revenue for the six months ended 30 September 2023. No customer accounted for 10% or more of the Group's revenue for the six months ended 30 September 2022.

## 6. REVENUE

An analysis of the Group's revenue for the periods is as follows:

<b>Six months ended 30 September</b>	<b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2022 HK\$'000 (Unaudited)
Corporate finance advisory fee income		
— from acting as financial adviser	<b>8,785</b>	4,759
— from acting as independent financial adviser	<b>11,971</b>	8,038
— from acting as compliance adviser	<b>11,657</b>	12,207
— others	—	274
	<b>32,413</b>	25,278

Disaggregation of revenue by timing of recognition:

	<b>2023</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2022 HK\$'000 (Unaudited)
Timing of revenue recognition		
Over time	<b>30,578</b>	25,278
At a point in time (fee income from acting as financial adviser)	<b>1,835</b>	—
	<b>32,413</b>	25,278

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 7. INVESTMENT INCOME (LOSS), NET AND OTHER INCOME AND (LOSSES) GAINS, NET

Six months ended 30 September	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Investment income (loss), net</b>		
Interest income	872	119
Dividends from financial assets at fair value through profit or loss	—	194
Fair value gain on a derivative financial instrument	1,012	—
Fair value gain (loss) on financial assets at fair value through profit or loss	30	(577)
	<b>1,914</b>	<b>(264)</b>
<b>Six months ended 30 September</b>	<b>2023 HK\$'000 (unaudited)</b>	<b>2022 HK\$'000 (unaudited)</b>
<b>Other income and (losses) gains, net</b>		
Management fee income from ultimate holding company	90	90
Office sharing income and reimbursement of other premises expenses from ultimate holding company	386	386
Exchange loss, net	(60)	(854)
Loss on deemed disposal of an associate	(797)	—
Other	—	11
	<b>(381)</b>	<b>(367)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

### 8. LOSS BEFORE TAX

Six months ended 30 September	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:		
Directors' emoluments:		
Fees	360	360
Other emoluments	5,148	5,148
Contributions to retirement benefits scheme	18	18
	<b>5,526</b>	5,526
Other staff costs (note)	18,740	18,479
Accrued bonuses	655	—
Provision for long service payment	23	70
Contributions to retirement benefits schemes	541	551
Total employee benefits costs	<b>25,485</b>	24,626
Exchange loss, net	60	854
Depreciation for property and equipment	390	390
Depreciation for right-of-use assets	3,569	3,589
Impairment loss recognised in respect of trade receivables	114	232

*Note:* Wage subsidies of approximately HK\$929,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees have been recognised during the six months ended 30 September 2022. The amounts had been offset with the employee benefits costs.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 9. INCOME TAX CREDIT

Six months ended 30 September	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Over provision in prior years:		
People's Republic of China	—	4
Deferred taxation	<b>101</b>	93
	<b>101</b>	97

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. No provision for Hong Kong profits tax has been made for the six months ended 30 September 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for PRC Enterprise Income Tax has been made for the six months ended 30 September 2023 and 2022 as the Group's subsidiary established in the PRC had no assessable profits arising in the PRC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

### 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company are based on the following data:

<b>Six months ended 30 September</b>	<b>2023</b> <b>HK\$' 000</b> <b>(Unaudited)</b>	<b>2022</b> <b>HK\$' 000</b> <b>(Unaudited)</b>
<b>Loss</b>		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	<b>(839)</b>	(9,313)
	<b>Six months ended</b> <b>30 September</b>	
	<b>2023</b> <b>(Unaudited)</b>	<b>2022</b> <b>(Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation ('000)	<b>143,255</b>	142,355

*Note:* For the six months ended 30 September 2023 and 2022, diluted loss per share is same as basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 11. DIVIDENDS

In accordance with the laws of the Cayman Islands and the Company's articles of association, the Company's share premium account is distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

A final dividend of HK2.5 cents per share in respect of the year ended 31 March 2023 (2022: HK2.5 cents per share), amounting to approximately HK\$3,580,000 (2022: HK\$3,558,000), was paid during the Period.

The Directors do not recommend the payment of interim dividend for the Period (30 September 2022: nil).

## 12. PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Property and equipment and right-of-use assets

During the Period, the Group had addition of furniture and fixtures of approximately HK\$275,000 (2022: nil). During the six months ended 30 September 2023 and 2022, the Group had no addition of right-of-use assets.

As at 30 September 2023, the carrying amounts of property and equipment and right-of-use assets were approximately HK\$1,976,000 (31 March 2023: HK\$2,094,000) and HK\$6,362,000 (31 March 2023: HK\$10,043,000) respectively.

The Group's depreciation during the Period amounted to approximately HK\$390,000 (2022: HK\$390,000) and HK\$3,569,000 (2022: HK\$3,589,000) in respect of property and equipment and right-of-use assets respectively.

### (ii) Lease liabilities

As at 30 September 2023, the carrying amount of lease liabilities were approximately HK\$7,001,000 (31 March 2023: HK\$10,383,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

### 12. PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(iii) Amounts recognised in profit or loss

	Six months ended 30 September	
	2023 HK\$' 000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation on right-of-use assets	3,569	3,589
Finance costs on lease liabilities	176	165

(iv) Other

During the Period, the total cash outflow for leases amounted to approximately HK\$3,369,000 (2022: HK\$3,410,000).

### 13. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$' 000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
	Trade receivables (note)	10,782
Less: Impairment allowance	(1,184)	(1,070)
	9,598	12,042



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 13. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note:

The trade receivables are, in general, due upon the issuance of invoices. The Group does not hold any collateral over these balances. The following is an ageing analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date.

	<b>As at 30 September 2023</b>	As at 31 March 2023
	<b>HK\$' 000</b>	HK\$' 000
	<b>(Unaudited)</b>	(Audited)
Within 90 days	7,626	9,855
91–180 days	1,110	1,862
Over 180 days	862	325
Total	<b>9,598</b>	12,042

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated collectively grouped by past due statuses. In determining the expected loss rates, the management considers the using a provision matrix by reference to ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances as well as forward looking information that may impact the customers' ability to repay the outstanding balances at the reporting date.

The movement in the allowance for impairment of trade receivables is set out below:

	<b>For the six months ended 30 September 2023</b>	For the year ended 31 March 2023
	<b>HK\$' 000</b>	HK\$' 000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	1,070	531
Impairment losses recognised on trade receivables	114	539
At the end of the period/year	<b>1,184</b>	1,070

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Financial assets at fair value through profit or loss		
— Listed equity securities, Hong Kong	—	1,705
— Unlisted equity security, Hong Kong (note)	706	—
	<b>706</b>	1,705

*Note:* On 10 August 2023, CSpro, an associate of the Group has allotted new shares to its existing shareholders (the "Allotments"). Upon completion of the Allotments, the Group's interest in CSpro was diluted and decreased from 25% to 12.5%, which was considered as a deemed disposal of an associate, with a resulting loss of approximately HK\$797,000 recognised in condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 September 2023. CSpro was ceased to be an associate of the Group and was accounted for as financial asset at fair value through profit or loss of the Group.

Pursuant to the agreement, the Group has granted the major shareholder of CSpro (the "Major Shareholder") with a Call Option, under which the Major Shareholder has the right (but no obligation) to acquire from the Group for entire equity interest of CSpro (the "Equity Interest"), at a consideration of the sum of (i) the purchase price of US\$100,000 (equivalent to HK\$916,500), (ii) the total purchase price of any further acquired equity and (iii) an amount representing an interest rate of 8% per annum on the total purchase price (the "Consideration").

The Major Shareholder has also granted the Group with the Put Option pursuant to the agreement, under which the Group has the right (but no obligation) to sell back Equity Interest to the Major Shareholder and the Major Shareholder has the obligation to purchase the Equity Interest at the Consideration.

## 15. OTHER PAYABLES AND ACCRUALS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Bonus payable	655	800
Other payables	936	1,085
Accruals	367	370
	<b>1,958</b>	2,255

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 16. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022 (Audited), 31 March 2023 (Audited), 1 April 2023 (Audited) and 30 September 2023 (Unaudited)	200,000	2,000
Issued and fully paid:		
At 1 April 2022 (Audited)	142,355	1,424
Exercise of share options (note i)	1,051	10
At 31 March 2023 (Audited) and 1 April 2023 (Audited)	143,406	1,434
Share repurchase (note ii)	(216)	(2)
At 30 September 2023 (Unaudited)	143,190	1,432

Notes:

- (i) During the year ended 31 March 2023, share options were exercised at subscription prices HK\$0.16 per ordinary share, resulting in the issue of 1,051,201 ordinary shares for proceeds of approximately HK\$171,000. An amount of approximately HK\$391,000 was transferred from share option reserve to the share premium account upon exercise of the share options.
- (ii) As at 31 March 2023, 94,000 shares were repurchased but not yet cancelled. During the Period, a total of 122,000 shares were repurchased by the Company at an aggregate consideration of approximately HK\$98,000. 96,000 and 120,000 repurchased shares were cancelled in May 2023 and August 2023 respectively.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 17. RELATED PARTY TRANSACTIONS

### (a) Transactions

		<b>Six months ended 30 September</b>	
		<b>2023</b>	2022
	Notes	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Somerley Group Limited			
— Office sharing income and recharge of other premises expenses	(i)	<b>386</b>	386
— Management fee income	(ii)	<b>90</b>	90

(i) During the six months ended 30 September 2023, the Group charged SGL office sharing and other premises expenses of approximately HK\$386,000 (2022: HK\$386,000). It is calculated based on the office areas occupied and sharing of common area by SGL.

(ii) During the six months ended 30 September 2023, the Group charged SGL the management fee of approximately HK\$90,000 (2022: HK\$90,000) as reimbursement of expenses incurred for the senior management, executive oversight and other administrative services as provided to SGL.

### (b) Balances with related parties

The amount due to an associate is unsecured, non-interest bearing and repayable on demand.

### (c) Compensation of key management personnel

Other than the emoluments paid to the directors of the Company, who are also considered as the key management of the Company as set out in note 8, the Company did not have any other compensation to the key management personnel.

The emoluments of the directors of the Company and key executives are determined with regards to the performance of individuals.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

## 18. SHARE-BASED PAYMENT TRANSACTIONS

### Pre-IPO Share Option Scheme

On 19 May 2016, the Company entered into the conditional granted options under Pre-IPO Share Option Scheme (the "Scheme") to directors, employees and other staff of the Group as the grantees ("Grantees"), pursuant to a written resolution passed on 11 May 2016. Pursuant to the Scheme, in consideration of HK\$1 paid by each Grantee, the Company granted share options to the Grantees. The exercise of these share options would entitle the Grantees to purchase in aggregate 13,061,735 shares of the Company (the "Shares").

The share option is valid after the listing date (i.e. 29 March 2017) of the Company to 10 May 2024. According to the Scheme, not more than 5,524,294 Shares comprised in the options under the Scheme shall vest unto the Grantees and become exercisable during the period commencing from the listing date of the Company and ending on expiry of the option period ("1st vesting period") and the remaining Shares comprised in the options under the Scheme (being not more than 7,537,441 Shares) shall vest unto the Grantees and become exercisable during the period commencing on (i) the date on which the listing of the Shares of the Company is transferred to the Main Board; or (ii) 1 January 2020, whichever is earlier, and ending on the expiry of the option period ("2nd vesting period").

As the capital distribution of an amount per share exceeded the profit attributable to equity holders of the Company per Share in respect of the financial year ended 31 March 2023, the exercise price of share options was adjusted from approximately HK\$0.16 to approximately HK\$0.09 during the Period pursuant to the terms of the Scheme.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 18. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### Pre-IPO Share Option Scheme (Continued)

The estimated fair value of the options granted on the grant date is approximately HK\$4,485,000.

The following table discloses movements of the Company's share options held by the Grantees:

	Date of grant of share options	Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2023
2nd vesting period						
Directors	19/05/2016	2,522,800	—	—	—	2,522,800
Other employees	19/05/2016	1,606,799	—	—	—	1,606,799
		4,129,599	—	—	—	4,129,599
Exercisable at the end of the period						4,129,599
Weighted average exercise price		0.16	—	—	—	0.09

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

### 18. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

#### Pre-IPO Share Option Scheme (Continued)

	Date of grant of share options	Outstanding as at 1 April 2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2023
1st vesting period						
Other employees	19/05/2016	266	—	(266)	—	—
2nd vesting period						
Directors	19/05/2016	2,522,800	—	—	—	2,522,800
Other employees	19/05/2016	2,657,734	—	(1,050,935)	—	1,606,799
		<u>5,180,800</u>	<u>—</u>	<u>(1,051,201)</u>	<u>—</u>	<u>4,129,599</u>
Exercisable at the end of the year						<u>4,129,599</u>
Weighted average exercise price		0.21	—	0.16	—	0.16

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	30 September 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial asset</b>				
Financial assets at fair value through profit or loss				
— Unlisted equity security	—	—	706	706
Derivative financial instrument	—	—	1,012	1,012
	—	—	1,718	1,718

	31 March 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial asset</b>				
Financial assets at fair value through profit or loss				
— Listed equity securities	1,705	—	—	1,705

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

### 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurements of financial assets:

	<b>Financial assets at FVTPL HK\$'000</b>	<b>Derivative financial instrument HK\$'000</b>	<b>Total HK\$'000</b>
At 1 April 2022 (Audited)	1,566	—	1,566
Fair value gain	119	—	119
Proceeds on redemption	(1,681)	—	(1,681)
Exchange adjustments	(4)	—	(4)
At 31 March 2023 (Audited) and 1 April 2023 (Audited)	—	—	—
Transfer from interest in an associate	706	—	706
Fair value gain	—	1,012	1,012
At 30 September 2023 (Unaudited)	706	1,012	1,718

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (31 March 2023: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

The valuation techniques and input used in the fair value measurement of financial instruments are as set out below:

Financial asset	Fair value of	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Financial assets at FVTPL					
— Listed equity securities, Hong Kong	Nil (31 March 2023: HK\$1,705,000)	Level 1	Quoted closing price in an active market	N/A	N/A
— Unlisted equity security, Hong Kong	HK\$706,000 (31 March 2023: nil)	Level 3	Adjusted net assets value	Discount for lack of control of 18.80%	The higher the discount for lack of control, the lower of fair value of the unlisted equity security
Derivative financial instrument	HK\$1,012,000 (31 March 2023: nil)	Level 3	Binominal model	Volatility of 106.08%	The higher the volatility, the higher of the fair value of the derivative financial instrument

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair value due to short-term maturities as at 30 September 2023 and 31 March 2023.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving and maintaining high standards of corporate governance practices and procedures. The Board believes that good corporate governance practices are essential to enhance stakeholders' confidence and support. During the Period, the Company has complied with the code provisions prescribed in the establishment and implementation of the corporate governance guidelines containing principles and code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealings"). Having made specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings throughout the Period and up to the date of this report.

## COMPETING INTERESTS

The Directors are not aware that any of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) competes or may compete with the business of the Group and has or may have any other conflict of interest with the Group during the Period.

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

The Company repurchased a total of 122,000 Shares on the Stock Exchange at an aggregate consideration of HK\$97,180 during the Period (2022: nil) at price ranging from HK\$0.72 to HK\$0.89. The repurchase of the Company's shares by the Directors during the Period was made pursuant to the mandate granted by shareholders at last annual general meeting of the Company held on 23 August 2022, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. The share repurchase was financed by the Company with its existing available cash. The particulars of the share repurchase are as follows:

Date	Number of shares repurchased	Highest purchase price per share (HK\$)	Lowest purchase price per share (HK\$)	Aggregated amount of purchase price (HK\$)
14 April 2023	2,000	0.89	0.89	1,780
29 June 2023	26,000	0.86	0.79	20,720
30 June 2023	12,000	0.85	0.73	9,000
3 July 2023	14,000	0.80	0.72	11,040
13 July 2023	32,000	0.89	0.80	25,780
14 July 2023	36,000	0.85	0.79	28,860
Total	122,000			97,180

As at 31 March 2023, 94,000 Shares were repurchased but not yet cancelled. An aggregate of 96,000 Shares (repurchased on 8, 10, 14, 20, 21 March 2023 and 14 April 2023) were cancelled in May 2023.

An aggregate of 120,000 shares (repurchased on 29, 30 June 2023 and 3, 13, 14 July 2023) were cancelled in August 2023. As at 30 September 2023, no Shares were repurchased but not yet cancelled.

Saved as disclosed above, during the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2023, the Directors and chief executive and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules were as follows:

### Long position in ordinary shares of the Company

Name of Directors	Capacity/Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total number of issued shares of the Company
SABINE Martin Nevil ("Mr. Sabine")	Interest of a controlled corporation	84,846,190 (Note 1)	—	59.25%
	Beneficial owner	220,000	—	0.15%
	A concert party to an agreement to buy shares	2,283,440 (Note 2)	—	1.59%
	described in s317(1)(a)	—	645,717 (Notes 2 & 3)	0.45%
CHEUNG Tei Sing Jamie ("Mr. Cheung")	Beneficial owner	2,233,440	—	1.56%
		—	645,717 (Note 3)	0.45%
	A concert party to an agreement to buy shares	85,116,190 (Notes 1 & 2)	—	59.44%
CHOW Wai Hung Kenneth	Beneficial owner	3,754,170	—	2.62%
		—	1,877,083 (Note 3)	1.31%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

1. SGL is directly interested in 84,846,190 Shares. SGL is wholly-owned by Mr. Sabine, Mr. FLETCHER John Wilfred Sword ("Mr. Fletcher"), Mr. Cheung and Ms. FONG Sau Man Cecilia.
2. Mr. Sabine, Mr. Fletcher and Mr. Cheung are acting in concert in respect of their interests in the Company and therefore each of Mr. Sabine, Mr. Fletcher and Mr. Cheung is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Sabine, Mr. Cheung and Mr. Fletcher are directly interested in 220,000 Shares, 2,233,440 Shares and 50,000 Shares, respectively.
3. These share options were granted by the Company on 19 May 2016 under the Pre-IPO Share Option Scheme.

### Long position in the ordinary shares of the associated corporations

Name of Directors	Name of the associated corporations	Capacity/Nature of interests	Number of ordinary share(s) held	Approximate percentage of the total issued shares of the associated corporations
SABINE Martin Nevil (Note)	Somerley China Associates Limited (Note)	Interest of a controlled corporation	2	100%
	Somerley Group Limited (Note)	Beneficial owner; A concert party to an agreement to buy shares described in s317(1)(a)	9,500,000	90.48%
CHEUNG Tei Sing Jamie (Note)	Somerley China Associates Limited (Note)	Interest of a controlled corporation	2	100%
	Somerley Group Limited (Note)	Beneficial owner; A concert party to an agreement to buy shares described in s317(1)(a)	9,500,000	90.48%

*Note:* SGL is the holding company of the Company and an associated corporation of the Company by virtue of the SFO. SGL wholly owns Somerley China Associates Limited so Somerley China Associates Limited is also an associated corporation by virtue of the SFO. Mr. Sabine, Mr. Fletcher and Mr. Cheung are acting in concert in respect of their interests in the Company and they hold approximately 90.48% of the shares of SGL. Therefore, Mr. Sabine and Mr. Cheung are interested in SGL and Somerley China Associates Limited by virtue of the SFO.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive and/or any of their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, substantial shareholders (not being the Directors or chief executive) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

#### Long position in ordinary shares of the Company

Name of substantial shareholders	Capacity/Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total number of issued shares of the Company
Somerley Group Limited	Beneficial owner	84,846,190 (Note 1)	—	59.25%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	87,349,630 (Note 2)	—	61.00%
		—	645,717 (Note 2)	0.45%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	87,349,630 (Note 1)	—	61.00%
		—	645,717 (Note 1)	0.45%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	87,349,630 (Note 3)	—	61.00%
		—	645,717 (Note 3)	0.45%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	87,349,630 (Note 4)	—	61.00%
		—	645,717 (Note 4)	0.45%

*Notes:*

1. SGL is directly interested in 84,846,190 Shares and SGL is wholly-owned by Mr. Sabine, Mr. Fletcher, Mr. Cheung and Ms. FONG Sau Man Cecilia. Mr. Sabine, Mr. Fletcher and Mr. Cheung are acting in concert in respect of their interests in the Company. Mr. Sabine, Mr. Cheung and Mr. Fletcher are directly interested in 220,000 Shares, 2,233,440 Shares and 50,000 Shares, respectively. Therefore each of Mr. Sabine, Mr. Fletcher and Mr. Cheung is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
2. Dr. Sabine is the spouse of Mr. Sabine. By virtue of the SFO, Dr. Sabine is deemed to be interested in the Shares held by Mr. Sabine.
3. Mrs. Fletcher is the spouse of Mr. Fletcher. By virtue of the SFO, Mrs. Fletcher is deemed to be interested in the Shares held by Mr. Fletcher.
4. Mrs. Cheung is the spouse of Mr. Cheung. By virtue of the SFO, Mrs. Cheung is deemed to be interested in the Shares held by Mr. Cheung.

Save as disclosed above, the Directors and chief executive are not aware that there is any party who, as at 30 September 2023, had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

### SHARE OPTION SCHEMES

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) published the amendments to Chapter 23 of the GEM Listing Rules relating to share schemes and took effect on 1 January 2023, the Company terminated the share option scheme which was adopted on 9 March 2017 (the “2017 Share Option Scheme”) and adopted a new share option scheme to replace the 2017 Share Option Scheme (the “2023 Share Option Scheme”) pursuant to a resolution passed on 15 September 2023. The terms of the 2023 Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and other relevant rules and regulations. The principal terms of the 2023 Share Option Scheme are set out in a supplemental circular to the shareholders of the Company dated 16 August 2023.

### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by the Company on 11 May 2016 and will expire on 10 May 2024 (i.e. 8 years from its adoption date).

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, certain key staff of the Group who have contributed or will contribute to the Group, in order to motivate and retain them for the operation and development of the Group.

The share option is valid after the listing date (i.e. 29 March 2017) of the Company to 10 May 2024. According to the Pre-IPO Share Option Scheme, not more than 5,524,294 Shares comprised in the options under the Pre-IPO Share Option Scheme shall vest unto the Grantees and become exercisable during the period commencing from the listing date of the Company and ending on expiry of the option period ("1st vesting period") and the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 7,537,441 Shares) shall vest unto the Grantees and become exercisable during the period commencing on (i) the date on which the listing of the Shares of the Company is transferred to the Main Board; or (ii) 1 January 2020, whichever is earlier, and ending on the expiry of the option period ("2nd vesting period").

Details of the share options movements under the Pre-IPO Share Option Scheme during the Period are as follows:

Name or category of grantees	Date of grant of share options	Exercise Price (Note 1) (HK\$)	Exercise Period	Number of share options					Balance as at 30.09.2023
				Balance as at 01.04.2023	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Directors</b>									
<i>2nd vesting period</i>									
CHOW Wai Hung Kenneth	19/5/2016	0.09	1/1/2020–10/5/2024	1,877,083	—	—	—	—	1,877,083
CHEUNG Tei Sing Jamie	19/5/2016	0.09	1/1/2020–10/5/2024	645,717	—	—	—	—	645,717
Subtotal				2,522,800	—	—	—	—	2,522,800
<b>Other Employees</b>									
<i>2nd vesting period</i>									
In aggregate	19/5/2016	0.09	1/1/2020–10/5/2024	1,606,799	—	—	—	—	1,606,799
Total				4,129,599	—	—	—	—	4,129,599

Note:

- As set out in Appendix IV to the prospectus of the Company dated 15 March 2017, in the event of substantial capital distribution, exercise price of share options was adjusted from HK\$0.16 to HK\$0.09 during the Period.

All options under the Pre-IPO Share Option Scheme were granted on 19 May 2016. No options were granted/vested/cancelled/lapsed under the Pre-IPO Share Option Scheme during the Period. 745,830 and 1,201,332 share options were exercised by Mr. CHOW Wai Hung Kenneth and other employees of the Group, respectively, after the end of the Period. As at the date of this report, the maximum number of the Shares with respect to which options granted under the Pre-IPO Share Option Scheme shall be 2,182,437 Shares, representing approximately 1.50% of the total issued share capital of the Company.

### 2017 Share Option Scheme

The 2017 Share Option Scheme was adopted by the Company on 9 March 2017 and would expire on 8 March 2027 (i.e. 10 years from its adoption date).

The purpose of the Share Option Scheme was to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group.

No options were granted/vested/cancelled/lapsed under the 2017 Share Option Scheme since the adoption and until the 2017 Share Option Scheme was terminated pursuant to an ordinary resolution of shareholders of the Company passed on 15 September 2023.

### 2023 Share Option Scheme

The Company has adopted the 2023 Share Option Scheme pursuant to a resolution passed on 15 September 2023. Subject to early termination by the Company in a general meeting or otherwise in accordance with the terms of the 2023 Share Option Scheme, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date and will expire on 14 September 2033.

The 2023 Share Option Scheme is an incentive scheme and is established to recognise, motivate and provide incentives to those who make contributions to the Group. The purpose of the 2023 Share Option Scheme is to attract and retain the best available high calibre personnel of the Group, to provide additional incentives to eligible employees who have contributed or will contribute to the Group, to promote the overall success of the business of the Group and to encourage eligible employees to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole.

Since its adoption, no options have been granted/vested/cancelled/lapsed under the 2023 Share Option Scheme.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as share option schemes disclosed above, at no time during the Period and up to the date of this report was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed above, at no time during the Period had the Directors and the chief executive (including their spouses and children under 18 years of age) any interest in, or been granted or exercised, any rights to subscribe for the shares (or warrants or debentures, as applicable) of the Company or any of its associated corporations (within the meaning of the SFO).

### AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with specific written terms of reference formulated in accordance with the requirements of rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee currently consists of all the three independent non-executive Directors, namely Mr. CHENG Yuk Wo, Mr. YUEN Kam Tim Francis and Mr. LAW Cheuk Kin Stephen. Mr. CHENG Yuk Wo is the chairman of the Audit Committee. The primary duties of the Audit Committee are reviewing the annual reports and accounts, half-year reports and quarterly reports of the Group, making recommendations to the Board on the appointment and dismissal of external auditors, providing advice in respect of financial reporting, supervising risk management and internal control systems of the Group, reviewing the effectiveness of the internal audit function and monitoring any continuing connected transactions.

The Company has engaged the external auditor of the Company, Crowe (HK) CPA Limited (“Crowe”), to review the Group’s unaudited condensed consolidated financial statements for the Period. Based on Crowe’s review, nothing has come to Crowe’s attention that causes Crowe to believe that the unaudited condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

The Audit Committee has reviewed the unaudited consolidated results and the interim report of the Group for the Period with the management and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

### CHANGE OF DIRECTORS INFORMATION

Mr. CHEUNG Tei Sing Jamie has been appointed as an independent non-executive director of Mainland Headwear Holdings Limited (stock code: 1100) since 1 September 2023.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained sufficient public float in its shares as at the latest practicable date prior to the issue of this report.

By order of the Board  
**Somerley Capital Holdings Limited**  
**SABINE Martin Nevil**  
*Chairman*

Hong Kong, 10 November 2023

*As at the date of this report, the executive Directors are Mr. SABINE Martin Nevil, Mr. CHEUNG Tei Sing Jamie and Mr. CHOW Wai Hung Kenneth; the independent non-executive Directors are Mr. CHENG Yuk Wo, Mr. YUEN Kam Tim Francis and Mr. LAW Cheuk Kin Stephen.*