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

ANNUAL REPORT 2024/25

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 annual 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 annual 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 annual report misleading.

This annual report is printed on environmentally friendly paper.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SABINE Martin Nevil *(Chairman)*
Mr. CHEUNG Tei Sing Jamie *(Vice Chairman)*
Mr. CHOW Wai Hung Kenneth *(Chief Executive Officer)*
Ms. LEUNG Lim Ng Jenny
Mr. WONG C-Tsun

Independent Non-Executive Directors

Mr. CHENG Yuk Wo
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen

BOARD COMMITTEES

Audit Committee

Mr. CHENG Yuk Wo *(Chairman)*
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen

Nomination Committee

Mr. SABINE Martin Nevil *(Chairman)*
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen
Ms. LEUNG Lim Ng Jenny
Mr. CHENG Yuk Wo

Remuneration Committee

Mr. YUEN Kam Tim Francis *(Chairman)*
Mr. CHENG Yuk Wo
Mr. CHEUNG Tei Sing Jamie
Mr. WONG C-Tsun
Mr. LAW Cheuk Kin Stephen

COMPANY SECRETARY

Mr. PANG Mo Cheung

AUTHORISED REPRESENTATIVES

Mr. CHEUNG Tei Sing Jamie
Mr. CHOW Wai Hung Kenneth

TRADING STOCK CODE

8439

COMPANY'S WEBSITE

www.somerleycapital.com

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE

Cricket Square
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

AUDITOR

Crowe (HK) CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Dear Shareholders,

In my interim statement, I said that the first half of the financial year ended 31 March 2025 (the "Year") had been particularly difficult and that we had launched a cost optimisation programme.

RESULTS

I am pleased to say that these efforts have borne fruit in the second half of the Year. A detailed analysis of our results for the Year are set on page 5 of our Annual Report 2024/25. In the second half of the Year, revenue was HK$27.6 million, an increase of 15% over the first half revenue of HK$24.0 million. Combined with a reduction in costs, this resulted in a small adjusted profit before tax (as set out in page 5) for both the third and fourth quarters, and for the second half as a whole.

So although the results for the Year as a whole recorded an approximately 23% decline in revenue and a loss of HK$13.9 million, I believe I can reassure shareholders that progress is being made.

SEGMENTS

On a segmental basis, the Year's corporate income of HK$51.6 million was well spread between financial advisory work, independent financial advice and compliance advisory roles, with valuable assistance from our Beijing subsidiary. A segment loss of HK$10.7 million was made for the Year as a whole, with modest profitability for the second half, as noted above.

A segment loss of HK$1.9 million was incurred by the Group's asset management business, carried on by Environmental Investment Services Asia Limited. We have proceeded cautiously in examining ways to reactivate this business and so diversify the Group's activities. We continue to believe that this is a worthwhile objective.

COSTS

Employee benefits costs continue to be by far the biggest expenditure and were reduced to HK$49.4 million compared to the previous year of HK$53.4 million. Our second biggest cost was rental and other premise expenses, totalling HK$8.2 million, a 9% reduction on the previous year, after signing a new 3-year lease starting 1 July 2024. Other operating costs were also reasonably well controlled.

NET ASSETS AND LIQUIDITY

Our consolidated net assets at 31 March 2025 were HK$62.5 million. Our liquidity position remains strong, with cash and cash equivalents of HK$51.6 million as at 31 March 2025 and no bank borrowings.

DIVIDEND

As a board, we consider our dividend payment record is very important. With this in mind and bearing in mind the improvement in the second half and our strong liquidity position, we recommend a final dividend of HK2 cents per Share.

PROSPECTS

Conditions remain volatile and challenging but these are the type of circumstances where Hong Kong's adaptability can still allow it to thrive. Activity in the stock market, a significant backdrop for corporate finance transactions, has been strong in the last few months, including a world-leading IPO performance. That does not translate automatically into a more profitable corporate finance market, where competition is still fierce, but it certainly helps. Against this backdrop, I hope to be able to report improved financial performance in the first half of the current financial year ending 31 March 2026.

THANKS

I would once more like to express my great thanks to our staff for their hard work in difficult times, to our clients for their confidence in us and to our shareholders for their continued support.

Yours sincerely,
Martin Sabine
Chairman

BUSINESS REVIEW

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 ("SCL") 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 adviser to cross-border mergers and acquisitions.

The Hong Kong corporate finance market in 2024–2025 faced tough challenges due to economic uncertainties and geopolitical tensions. These issues shook investor confidence and made transactions harder to complete. The stock market's recent rebound is welcome but did not come in time to affect 2024-25 results. The challenging business conditions were exacerbated by intense competition affecting revenue. However, as illustrated below, the second half of the financial year saw improvement.

For the year ended 31 March			**2025**			2024
	1st half	**Q3**	**Q4**	**2nd half**	**Total**	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000
Revenue	**24,003**	**15,346**	**12,247**	**27,593**	**51,596**	67,374
Investment income	**937**	**307**	**627**	**934**	**1,871**	3,013
Other income and gain, net	**428**	**175**	**220**	**395**	**823**	90
Employee benefits costs	**(26,256)**	**(11,977)**	**(11,185)**	**(23,162)**	**(49,418)**	(53,357)
Depreciation	**(3,511)**	**(1,557)**	**(1,551)**	**(3,108)**	**(6,619)**	(7,893)
Other operating expenses	**(4,434)**	**(2,028)**	**(2,246)**	**(4,274)**	**(8,708)**	(10,619)
Others*	**(2,874)**	**(628)**	**103**	**(525)**	**(3,399)**	(2,188)
Loss before tax	**(11,707)**	**(362)**	**(1,785)**	**(2,147)**	**(13,854)**	(3,580)
Adjustment for bonus	**—**	**—**	**1,647#**	**1,647**	**1,647**	3,773
Adjustment for share-based payment and impairment loss recognised in respect of intangible asset	**1,135**	**407**	**193**	**600**	**1,735**	650
Adjusted (loss) profit before tax	**(10,572)**	**45**	**55**	**100**	**(10,472)**	843

* Others include share of losses of associates, finance costs, and impairment losses recognised in respect of intangible asset and trade receivables.

The bonus noted above is part of the cost oplimisation programme introduced principally in the last quarter of FY2024/25.

During the first half of the financial year 2024/25 ("FY2024/25"), the Group reported an approximately 25.9% decrease in revenue and an interim loss of approximately HK$11.7 million. In response, the Group launched a cost optimisation programme to revamp the employee remuneration package and strengthen operational cost control. For the last quarter of FY2024/25, the Group reduced average monthly total employee benefits costs (excluding bonuses and share-based payment expenses) and other recurring operating expenses by approximately HK$1.0 million as compared to the average corresponding figures incurred for the first half of FY2024/25. Revenue for the second half of FY2024/25 showed an increase over the first half and the Group reported adjusted breakeven for the last quarter of FY2024/25 and for the second half of FY2024/25.

For the year ended 31 March 2025 (the "Year"), the Group recorded a loss before tax of approximately HK$13.9 million (2024: approximately HK$3.6 million). The significant increase in loss was mainly due to the approximately HK$15.8 million decrease in revenue for the Year, partially offset by the reduction in total operating expenses as a result of the cost optimisation programme, implemented since December 2024.

The corporate finance advisory business segment recorded revenue of approximately HK$51.6 million (2024: approximately HK$67.4 million) and a segment loss before tax of approximately HK$10.7 million (2024: approximately HK$1.7 million) for the Year. The significant increase in loss was mainly due to the decrease in revenue for the Year. A segment loss before tax of approximately HK$1.9 million (2024: approximately HK$1.1 million) was incurred by the Group's asset management business, carried on by Environmental Investment Services Asia Limited ("EISAL"), during the Year. In view of current market conditions, the Group has been proceeding cautiously in examining ways to re-activate its asset management business.

FINANCIAL REVIEW

Revenue

The Group continued to derive its revenue primarily from its corporate finance advisory services, recognising total revenue of approximately HK$51.6 million for the Year (2024: approximately HK$67.4 million), representing a year-on-year decrease of approximately 23.4%. The decrease was mainly due to severe fee competition in the Hong Kong corporate finance industry.

	For the year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Corporate finance advisory fee income		
— from acting as financial adviser	**14,842**	20,340
— from acting as independent financial adviser	**18,853**	22,634
	33,695	42,974
— from acting as compliance adviser	**17,313**	24,230
— others	**588**	170
	51,596	67,374

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Year amounted to approximately HK$33.7 million (2024: approximately HK$43.0 million), accounting for approximately 65.3% of the Group's total revenue (2024: approximately 63.8%). The decrease was mainly due to the severe fee competition in Hong Kong corporate finance industry.

Revenue generated from acting as compliance adviser ("CA") for the Year amounted to approximately HK$17.3 million (2024: approximately HK$24.2 million), accounting for approximately 33.5% of the Group's total revenue (2024: approximately 35.9%). Revenue from acting as CA decreased due to a lower level of IPOs and a scheduled run-off of existing CA mandates.

Investment Income, Other Income and Gain, Net

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

	For the year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Investment income		
Interest income	**1,508**	1,828
Dividends from financial assets at fair value through profit or loss	**64**	14
Fair value gain on derivative financial instrument *(note)*	**—**	1,012
Fair value gain of financial assets at fair value through profit or loss	**299**	159
	1,871	3,013

The decrease in investment income was mainly due to the absence of the one-off fair value gain as a result of the exercise of derivative financial instrument upon the disposal of the Group's 12.5% equity interest in CSpro (Hong Kong) Limited ("CSpro") (formerly known as Signum Digital Limited) recognised during the year ended 31 March 2024.

Other income and gain, net mainly represents management service fee income from Somerley Group Limited ("SGL"), rental income and reimbursement of other premises expenses from SGL and net exchange difference.

	For the year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Other income and gain, net		
Management fee income from ultimate holding company	**135**	180
Office sharing income and reimbursement of other premises expenses from ultimate holding company	**742**	773
Exchange loss, net	**(54)**	(66)
Loss on deemed disposal of an associate *(note)*	**—**	(797)
	823	90

The increase in other income and gain was primarily attributable to the absence of one-off loss on deemed disposal of 12.5% equity interest in CSpro recognised during the year ended 31 March 2024.

Note: On 10 August 2023, the Group entered into a supplemental agreement with CoinstreetPro (Global) Limited to acquire a derivative financial instrument as regards the Group's investment in CSpro on contributing further capital of HK$0.9 million for the business development of CSpro. After completion, the Group's interest in CSpro was diluted from 25% to 12.5%, resulting in a loss on deemed disposal of an associate of approximately HK$0.8 million recognised during the year ended 31 March 2024. On 7 March 2024, the Group exercised the derivative financial instrument to dispose of the remaining interest in CSpro and realised a fair value gain on derivative financial instrument of approximately HK$1.0 million during the year ended 31 March 2024 as set out in the tables above.

Employee Benefits Costs

The Group's employee benefits costs primarily consist of fees, salaries, bonuses and allowances, contributions to the retirement benefits scheme and share-based payment expenses for the Directors and the employees of the Group.

	For the year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Fees, salaries, allowances and other benefits	**44,186**	47,816
Discretionary bonuses	**1,647**	3,773
Contributions to the retirement benefits scheme	**1,151**	1,118
Share-based payment expenses	**1,635**	650
Severance payments	**799**	—
	49,418	53,357

Employee benefits costs decreased by approximately 7.5% to approximately HK$49.4 million for the Year from approximately HK$53.4 million for the year ended 31 March 2024. This decrease was primarily due to the decrease in fees and salaries as a result of the revamped remuneration package since December 2024 and the decrease in discretionary bonuses, offset against by an increase in share-based payments and severance payments paid during the Year.

Depreciation and Other Operating Expenses

The Group adopted HKFRS 16 under which the present value of total rental expenses of all non-cancellable operating leases are recorded as right-of-use assets and will be depreciated over the lease terms. Other operating expenses mainly consist of 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, including for the Group's medical scheme for employees.

	For the year ended 31 March	
	2025	2024
	HK$'000	HK$'000
Depreciation of property and equipment	**555**	760
Depreciation of right-of-use assets	**6,064**	7,133
	6,619	7,893
Other premises expenses	**2,114**	1,882
Consultancy fee	**—**	1,002
Insurance expenses	**1,114**	930
Introduction expenses	**204**	230
IT-related expenses	**1,299**	1,358
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	**1,375**	1,903
Others	**2,602**	3,314
	15,327	18,512

The Group's depreciation and other operating expenses decreased by approximately 17.3% to approximately HK$15.3 million for the Year from approximately HK$18.5 million for the year ended 31 March 2024. The net decrease was mainly due to the enhancement of cost control and the absence of additional professional fees incurred for the amendments of the articles of association of the Company (the "Articles") and the adoption of the share option scheme, and consultancy fee incurred for developing the digital asset business during the year ended 31 March 2024.

Impairment loss recognised in respect of trade receivables

The Group recognises impairment loss in respect of trade receivables arising from its ordinary business by estimating expected credit losses in accordance with HKFRS 9. The increase from approximately HK$1.9 million for the year ended 31 March 2024 to approximately HK$2.3 million for the Year was mainly due to the extended ageing of the trade receivables due from one significant debtor with total overdue balance of approximately HK$3.8 million aged over 365 days and fully impaired as at 31 March 2025. The Group received the partial settlement of HK$0.5 million from this debtor during the Year and has been actively engaging with this debtor to pursue further settlement rounds.

Income tax expense

The Group's income tax expense primarily includes provisions for Profits Tax in Hong Kong and Corporate Income Tax in the People's Republic of China, and deferred income tax expenses.

Loss for the Year

For the Year, the Group recorded a loss before tax of approximately HK$13.9 million (2024: approximately HK$3.6 million) and a loss after tax of approximately HK$13.8 million (2024: approximately HK$3.6 million). The significant increase in loss was mainly due to the approximately HK$15.8 million decrease in revenue for the Year, partially offset against by the reduction in total operating expenses as a result of the cost optimisation programme mentioned above.

OUTLOOK AND PROSPECTS

Conditions continue to be volatile and challenging but these are the type of circumstances where Hong Kong's adaptability can still allow it to thrive. Activity in the stock market, a significant backdrop for corporate finance transactions, has been strong in the last few months, including a world-leading IPO performance. That does not translate automatically into a more profitable corporate finance market, where competition is still fierce, but it certainly helps. Against this backdrop, the Group is cautiously optimistic about reporting improved financial performance in the first half of the current financial year ending 31 March 2026.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2025, the Group's net current assets amounted to approximately HK$56.5 million (2024: approximately HK$73.9 million), and liquidity as represented by its current ratio was approximately 7.6 times (2024: approximately 10.7 times). Cash and cash equivalents amounted to approximately HK$51.6 million as at 31 March 2025 (2024: approximately HK$60.2 million). The functional currency of the Group is Hong Kong dollars. As at 31 March 2025, approximately HK$2.1 million of the Group's cash and cash equivalents was denominated in other currencies (2024: approximately HK$3.3 million), principally Renminbi and United States Dollars.

The Group's equity consists of ordinary shares of the Company (the "Shares"). During the Year, net proceeds of approximately HK$0.2 million (2024: approximately HK$0.2 million) was raised by issue of new Shares pursuant to the exercise of share options. The Group had neither banking facilities nor borrowings as at 31 March 2024 and 2025.

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

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 material capital commitment as at 31 March 2025 (2024: nil). The Group did not have plans for material investments or capital assets as at 31 March 2025 and up to the date of this annual report.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

SIGNIFICANT INVESTMENTS

Except for investments in subsidiaries and interests in associates, the Group did not hold any significant investments during the Year.

CHARGE ON ASSETS & CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any charges on its assets (2024: nil) or material contingent liabilities (2024: nil).

GEARING RATIO

As at 31 March 2025, the Group did not have any borrowings (2024: nil) and hence a gearing ratio (a ratio of total borrowings to total assets) is not applicable.

DIVIDEND

The board of Directors (the "Board") has recommended the payment of a final dividend of HK2.0 cents per Share for the Year (2024: HK2.5 cents per Share), subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Group is subject are summarised as follows:

(i) The Group's corporate finance advisory segment accounts for its major operations and contributes a majority of its financial performance. The revenue generated from corporate finance advisory businesses is unpredictable and volatile owing to the economic and financial environments. The corporate finance industry is (a) in general highly competitive, affecting the Group's profit margins; and (b) strictly regulated so that any non-compliance (either by the Group or by its employees) or changes of laws, rules or regulation may have material and adverse impact and consequences;

(ii) Delays or terminations of transactions or defaults or delays in payments by clients may have an adverse impact on the Group's financial performance;

(iii) The Group's business continuity is reliant on key management personnel. Failure to retain and motivate them or to attract suitable replacements would have an adverse impact on operations;

(iv) The trademark used by SCL is subject to the trademark usage agreement and such non-exclusive trademark may be adversely affected by acts of SGL;

(v) Potential exposure to professional liability and litigation;

(vi) The Group's internal control system may be subject to failures and limitations; and

(vii) The Group may experience failure in or disruption to its computer systems and data storage.

TREASURY POLICIES

The Group has adopted a prudent approach on treasury management for the purpose of maintaining a healthy liquidity position. The Group closely monitors the liquidity position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and other commitments is consistently able to meet its funding requirements. 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 had 40 employees as at 31 March 2025 (2024: 47) and the total employee benefits costs amounted to approximately HK$49.4 million for the Year (2024: approximately HK$53.4 million).

The Group's remuneration policies are in line with the prevailing market practices and the employees' compensation packages are determined on the basis of work performance, market standard of remuneration, qualification and experience of individual employees. The Group provides retirement benefits in accordance with the relevant laws and regulations in the place where the staff is employed. The share option scheme adopted in 2023 is in place to motivate, reward and retain employees of the Group. The Group also develops training programs for its employees or sponsors the employees to attend various job-related training courses.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report on pages 47 to 62.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The major laws and regulations that have a significant impact on the Group's business include the Companies Ordinance, the SFO, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange and GEM Listing Rules. As far as the Board and the Group's management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

RELATIONSHIPS WITH EMPLOYEES AND CLIENTS

An account of the key relationships of the Group with its employees and clients is contained in the Environmental, Social and Governance Report on pages 47 to 62.

DIRECTORS' REPORT

The Board is pleased to present their report (the "Directors' Report") together with the audited consolidated financial statements of the Group contained in the Company's annual report for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company principally engaged in providing corporate finance advisory services and asset management services. Particulars of the Group's subsidiaries are set out in note 36 to the consolidated financial statements and detailed segment information and its subsidiaries are set out in note 5 to the consolidated financial statements.

Further discussion and analysis of the business review, including a discussion of the principal risks and uncertainties facing the Group, indication of likely future developments in the Group's businesses and other relevant information, as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Notes to the Consolidated Financial Statements" of this annual report. The review forms part of this Directors' Report.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees, customers, suppliers and other stakeholders that have a significant impact on the Group and on which the Group's success depends are set out in the section headed "Environmental, Social and Governance Report" on pages 47 to 62 of this annual report.

RESULTS AND FINAL DIVIDEND

The financial performance of the Group for the Year and the financial position of the Group as at 31 March 2025 are set out in the consolidated financial statements from pages 68 to 70 this annual report.

The Board has recommended the payment of a final dividend of HK2.0 cents per share for the Year (2024: HK2.5 cents per share), subject to the approval of the Shareholders at the forthcoming annual general meeting. Such proposed dividend will be payable on 17 October 2025 to the Shareholders whose names appear on the register members of the Company at close of business on 6 October 2025. The final dividend will absorb approximately HK$2.9 million (2024: approximately HK$3.7 million) as at the date of this annual report.

RECORD DATES

In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 22 September 2025.

In order to qualify for the final dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 6 October 2025.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$5,000 (2024: HK$59,200).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements as appropriate, is set out on page 128. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, both the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total sales and purchases respectively.

SHARE CAPITAL AND EQUITY-LINKED AGREEMENTS

Details of movements in the Company's share capital during the Year are set out in note 28 to the consolidated financial statements.

Save as disclosed in the section headed "Share Option Schemes" of this annual report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or subsisted at 31 March 2025.

SHARE PREMIUM AND RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in the consolidated statement of changes in equity on page 71 of this annual report and note 33 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company did not have any reserve available for distribution to the Shareholders (2024: nil). In accordance with the laws of the Cayman Islands and the Articles, 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.

PROPERTY AND EQUIPMENT

Details of movements in the Group's property and equipment during the Year are set out in note 14 to the consolidated financial statements.

DEBENTURE ISSUED

The Group did not issue any debenture during the Year and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

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

The Company repurchased a total of 178,000 and 408,000 Shares on the Stock Exchange at an aggregate consideration of HK$86,830 and HK$165,680 during the Year at prices ranging from HK$0.405 to HK$0.600 and from HK$0.370 to HK$0.520 pursuant to the mandates granted by shareholders at annual general meetings of the Company held on 15 September 2023 and 10 September 2024 respectively, 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 repurchases were financed by the Company with its existing available cash. The particulars of the share repurchases are as follows:

Month	Number of shares repurchased	Highest purchase price per share (HK$)	Lowest purchase price per share (HK$)	Aggregated amount of purchase price (HK$)
June 2024	10,000	0.425	0.405	4,090
July 2024	160,000	0.550	0.425	78,060
August 2024	8,000	0.600	0.580	4,680
September 2024	302,000	0.500	0.400	121,000
January 2025	22,000	0.520	0.400	9,220
February 2025	46,000	0.480	0.415	20,430
March 2025	38,000	0.450	0.370	15,030
Total	586,000			252,510

170,000 Shares, 8,000 Shares, 302,000 Shares and 78,000 Shares were cancelled on 9 August 2024, 4 September 2024, 28 January 2025 and 28 March 2025 respectively. As at 31 March 2025, 28,000 Shares were repurchased but not yet cancelled.

Saved as disclosed above, during the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company. As at 31 March 2025, the Company did not hold any treasury shares.

DIRECTORS

During the Year and up to the date of this report, the Directors have been and are:

Executive Directors
Mr. SABINE Martin Nevil *(Chairman of the Board)*
Mr. CHEUNG Tei Sing Jamie *(Vice Chairman)*
Mr. CHOW Wai Hung Kenneth *(Chief Executive Officer)*
Ms. LEUNG Lim Ng Jenny *(appointed on 10 September 2024)*
Mr. WONG C-Tsun *(appointed on 10 September 2024)*

Independent non-executive Directors
Mr. CHENG Yuk Wo
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen

On 22 August 2024, both Ms. LEUNG Lim Ng Jenny and Mr. WONG C-Tsun, newly appointed Directors on 10 September 2024, had obtained legal advice from an external law firm as regards the requirements under the GEM Listing Rules that are applicable to them as directors of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange pursuant to rule 5.02D of the GEM Listing Rules. Both of them has confirmed their understanding of the obligations as directors of a listed issuer.

Biographical details of the Directors and members of the senior management of the Group (collectively, the "Senior Management") are set out on pages 42 to 46 of the annual report.

Pursuant to article 84 of the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. SABINE Martin Nevil, Mr. CHOW Wai Hung Kenneth and Mr. LAW Cheuk Kin Stephen, will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES

Details of the emolument of the Directors and five highest paid employees are set out in notes 10 and 11 to the consolidated financial statements of this annual report, respectively.

RETIREMENT BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 27 to the consolidated financial statements of this annual report.

DIRECTORS' SERVICE AGREEMENTS

Each of Directors has entered into a service agreement with the Company for a term of three years commencing on the respective dates of their appointment. Their appointment is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in note 29 to the consolidated financial statements, no transaction, arrangement or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him has or had a material interest, whether directly or indirectly, subsisted at any time during the Year or subsisted as at 31 March 2025.

PERMITTED INDEMNITY PROVISION

The Articles provide that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to the Director.

The Company has arranged directors' and officers' liability insurance in respect of potential legal actions against its Directors and officers.

The relevant provisions of the Articles and the directors' and officers' liability insurance were in force throughout the Year and are currently in force.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of business of the Company or its subsidiaries were entered into or existed during the year.

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

As at 31 March 2025, 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.

Long positions 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	Interest of a controlled corporation	84,938,190 *(Note 1)*	—	57.87%
	Beneficial owner	342,000	—	0.23%
	A concert party to an agreement to buy shares described in s317(1)(a)	2,929,157 *(Note 2)*	—	2.00%

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
CHEUNG Tei Sing Jamie	Beneficial owner	2,879,157	—	1.96%
	A concert party to an agreement to buy shares described in s317(1)(a)	85,330,190 *(Notes 1 & 2)*	—	58.14%
CHOW Wai Hung Kenneth	Beneficial owner	5,631,253	—	3.84%
	Beneficial owner	—	700,000 *(Note 3)*	0.48%
LEUNG Lim Ng Jenny	Beneficial owner	1,126,256	—	0.77%
	Beneficial owner	—	450,000 *(Note 3)*	0.31%
WONG C-Tsun	Beneficial owner	1,126,256	—	0.77%
	Beneficial owner	—	450,000 *(Note 3)*	0.31%

Notes:

1. SGL is directly interested in 84,938,190 Shares and 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 342,000 Shares, 2,879,157 Shares and 50,000 Shares, respectively.

3. These share options were granted by the Company on 18 December 2023 under the share option scheme adopted on 15 September 2023.

Long positions 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 number of issued shares of the associated corporations
SABINE Martin Nevil	Somerley China Associates Limited *(Note)*	Interest of a controlled corporation	2	100%
	Somerley Group Limited *(Note)*	Beneficial interest; 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 interest; 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 it is an associated corporation 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 31 March 2025, none of the Directors and 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 31 March 2025, substantial shareholders (not being the Directors or Chief Executive) of the Company 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 as follows:

Long positions 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	84,938,190 *(Note 1)*	—	57.87%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	88,209,347 *(Note 2)*	—	60.1%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	88,209,347 *(Note 1)*	—	60.1%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	88,209,347 *(Note 3)*	—	60.1%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	88,209,347 *(Note 4)*	—	60.1%

Notes:

1. SGL is directly interested in 84,938,190 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. 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 342,000 Shares, 2,879,157 Shares and 50,000 Shares, respectively.

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 31 March 2025, 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.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material litigation or arbitration during the Year and up to the date of this report. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Year and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year 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 the Company or any other body corporate.

Save as disclosed above, at no time during the Year 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 and its associated corporations (within the meaning of the SFO).

DEED OF NON-COMPETITION AND UNDERTAKING

SGL, Mr. SABINE Martin Nevil, Mr. CHEUNG Tei Sing Jamie and Mr. FLETCHER John Wilfred Sword, the controlling shareholders as defined in the GEM Listing Rules (the "Controlling Shareholders"), have entered into the deed of non-competition dated 9 March 2017 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 15 March 2017.

The Controlling Shareholders have made a declaration to the Company that during the Year and up to the date of this annual report, they have complied with the undertakings contained in the Deed of Non-competition (the "Non-Competition Undertaking").

The independent non-executive Directors have also reviewed the status of compliance with the undertakings stipulated in the Deed of Non-competition and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of such undertakings.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the related party transactions disclosed in note 29 to the consolidated financial statements, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's Controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the Year.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The share option scheme adopted by the Company on 11 May 2016 (the "Pre-IPO Share Option Scheme") expired 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 Pre-IPO Share Option Scheme was available to any individual being an employee or officer (including any director) of the Company or any of its subsidiaries (the "2016 Participant(s)"). Under the Pre-IPO Share Option Scheme, the Board was entitled to offer option(s) to any Participant who, as the Board determined in its absolute discretion, had made a valuable contribution to the business of the Group, or was regarded as a valuable human resource of the Group (the "2016 Grantee(s)").

The Board was entitled at any time and from time to time during the period commencing from the adoption date of the Pre-IPO Share Option Scheme to 9 March 2017 (the "Scheme Period") to grant options to not more than 35 2016 Grantees under the Pre-IPO Share Option Scheme. No further options could be granted under the Pre-IPO Share Option Scheme after the expiry of the Scheme Period but in respect of all options which have been granted prior to the end of the Scheme Period, the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect.

An option shall be regarded as having been accepted when the duplicate of the grant letter comprising acceptance of the option, duly signed by the 2016 Grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within a period of five days from the grant date.

An option may be exercised in whole or in part (but if in part only, in respect of a board lot or an integral multiple thereof) and an option shall vest unto a 2016 Grantee and may be exercised by the 2016 Grantee during the option period (the "Option Period") stated in the grant letter (the "Grant Letter(s)") issued by the Company to the 2016 Grantee and in accordance with manner provided in the Grant Letter.

The share option granted under the Pre-IPO Share Option Scheme was valid after the listing date (i.e. 28 March 2017) of the Company to 10 May 2024. 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 and the remaining 7,537,441 Shares comprised in the options under the Pre-IPO Share Option Scheme shall vest unto the 2016 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.

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

				Number of share options					
Name or category of grantees	**Date of grant of share options**	**Exercise Price *(note (ii))* (HK$)**	**Exercise Period**	**Balance as at 01.04.2024**	**Granted during the Year**	**Exercised during the Year**	**Lapsed during the Year**	**Cancelled during the Year**	**Balance as at 31.03.2025**
Directors									
CHOW Wai Hung Kenneth	19/5/2016	0.09	1/1/2020–10/5/2024	1,131,253	—	(1,131,253) *(Note (i))*	—	—	—
CHEUNG Tei Sing Jamie	19/5/2016	0.09	1/1/2020–10/5/2024	645,717	—	(645,717) *(Note (i))*	—	—	—
Total				1,776,970	—	(1,776,970)	—	—	—

Note (i): The weighted average closing price of the Shares immediately before the dates of exercises of the share options during the Year was approximately HK$0.70 per Share.

Note (ii): As set out in Appendix IV to the prospectus of the Company dated 15 March 2017, in the event of substantial distribution, exercise price of share option was adjusted from HK$0.16 to approximately HK$0.09 during the year ended 31 March 2024.

All options under the Pre-IPO Share Option Scheme were granted on 19 May 2016 and no options were available for grant as at 1 April 2024 and 10 May 2024. No options were granted/vested/cancelled/lapsed under the Pre-IPO Share Option Scheme during the period from 1 April 2024 to 10 May 2024. Further details of Pre-IPO Share Option Scheme are set out in note 34 to the consolidated financial statements.

2023 Share Option Scheme

Pursuant to the ordinary resolution of the Shareholders passed on 15 September 2023, the Company has adopted the a share option scheme to recognise and acknowledge the contributions of the eligible employees to the Group by granting share options to them as incentives or rewards (the "2023 Share Option Scheme"). Details of which can refer to the supplemental circular of the Company dated 16 August 2023.

Purpose

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.

Participants

Under the 2023 Share Option Scheme, the share options shall only be granted to eligible employees of the Group. Eligible employees mean any employees (whether full time or part time, including any directors but excluding any independent non-executive directors) of the Company or any of its subsidiaries, including persons who are granted options under the 2023 Share Option Scheme as inducement to enter into employment contracts of the Group. A nominal consideration of HK$1 is payable on acceptance of the grant of an option within a period specified in the grant letter which shall not be later than twenty-one days from the date of offer.

Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of options granted and to be granted to each Participant under the 2023 Share Option Scheme in any 12-month period shall not exceed 1% of the shares in issue at the relevant time. For options granted or to be granted to a substantial shareholder or any of their respective associates or associates of independent non-executive Directors, the said limit is reduced to 0.1% of the shares in issue. Any further grant of share options in excess of such limits is subject to Shareholders' approval in general meeting.

Exercise price, option period, vesting period and exercise period

The exercise price shall be determined on the date of grant by the directors, which shall be at least the highest of: (i) the closing price of the shares of the Company as stated in the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheets for five trading days immediately preceding the date of grant; (iii) the nominal value of a Share of the Company on the date of grant.

The option period in respect of any particular grant of options shall be determined by the Board and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such options lapse under the provision under the provisions in the 2023 Share Option Scheme and (ii) 10 years from the offer date.

The vesting period for options shall be determined by the Board and in any case, shall not be less than twelve months. The Board may at its discretion grant a shorter vesting period to an eligible participant in the certain circumstances under the provisions in the 2023 Share Option Scheme.

Subject to the provisions of the 2023 Share Option Scheme and the terms and conditions of the relevant grant, options may be exercised by an eligible participant, in whole or in part, at any time during the option period, which is a period to be determined by the Board at its absolute discretion (provided that the period shall not be more than ten years from the date of grant) and notified by the Board to an eligible participant as the period during which an Option may be exercised (subject to any restrictions on the exercise of the Option as may be imposed by the Board).

Duration

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 date on which the 2023 Share Option Scheme is adopted by an ordinary resolution of the Shareholders on 15 September 2023 and will expire on 14 September 2033 (the "Scheme Period").

2023 Grant

On 18 December 2023, 11,700,000 share options under 2023 Share Option Scheme (the "2023 Share Options") were granted to eligible employees of the Group (the "2023 Grantees"). Each 2023 Share Option shall entitle the 2023 Grantee of such 2023 Share Option to subscribe for one Share upon exercise of such 2023 Share Option at an exercise price of HK$0.72 per Share. The closing price of the shares immediately before the date on which the 2023 Share Options were granted was HK$0.72 per Share. There is neither performance target nor clawback mechanism attached to the 2023 Share Options.

The option period of the 2023 Share Options shall be five years from 18 December 2023, and the 2023 Share Options shall lapse at the expiry of the validity period or earlier under certain circumstances as set out in the 2023 Share Option Scheme.

No 2023 Share Options can be exercised within the first 12 months from 18 December 2023. Each 2023 Grantee will be able to exercise the 2023 Share Options during the following option period: (i) the vesting period of first 33% of 2023 Share Options is from 18 December 2023 to 17 December 2024 and can be exercised at any time after the expiration of 12 months from 18 December 2023 to 17 December 2028; (ii) the vesting period of second 33% of 2023 Share Options is from 18 December 2023 to 17 December 2025 and can be exercised at any time after the expiration of 24 months from 18 December 2023 to 17 December 2028; and (iii) the vesting period of remaining 34% of 2023 Share Options is from 18 December 2023 to 17 December 2026 and can be exercised at any time after the expiration of 36 months from 18 December 2023 to 17 December 2028.

Details of the share option movements under the 2023 Share Option Scheme during the Year are as follows:

					Number of share options					
Name or category of grantees	Date of grant	Fair value of options at the date of grant (HK$)	Exercise Price (HK$)	Exercise Period	Balance as at 01.04.2024	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 31.03.2025
Directors										
CHOW Wai Hung Kenneth	18/12/2023	88,236	0.72	18/12/2024–17/12/2028	231,000	—	—	—	—	231,000
	18/12/2023	91,616	0.72	18/12/2025–17/12/2028	231,000	—	—	—	—	231,000
	18/12/2023	97,490	0.72	18/12/2026–17/12/2028	238,000	—	—	—	—	238,000
LEUNG Lim Ng Jenny (Note)	18/12/2023	47,583	0.72	18/12/2024–17/12/2028	148,500	—	—	—	—	148,500
	18/12/2023	46,279	0.72	18/12/2025–17/12/2028	148,500	—	—	—	—	148,500
	18/12/2023	45,578	0.72	18/12/2026–17/12/2028	153,000	—	—	—	—	153,000
WONG C-Tsun (Note)	18/12/2023	47,583	0.72	18/12/2024–17/12/2028	148,500	—	—	—	—	148,500
	18/12/2023	46,279	0.72	18/12/2025–17/12/2028	148,500	—	—	—	—	148,500
	18/12/2023	45,578	0.72	18/12/2026–17/12/2028	153,000	—	—	—	—	153,000
Subtotal					1,600,000	—	—	—	—	1,600,000
Other Eligible Employees										
In aggregate	18/12/2023	1,067,962	0.72	18/12/2024–17/12/2028	3,333,000	—	—	(577,500)	—	2,755,500
	18/12/2023	1,038,708	0.72	18/12/2025–17/12/2028	3,333,000	—	—	(726,000)	—	2,607,000
	18/12/2023	1,022,979	0.72	18/12/2026–17/12/2028	3,434,000	—	—	(748,000)	—	2,686,000
Total					11,700,000	—	—	(2,051,500)	—	9,648,500

Note: Ms. LEUNG Lim Ng Jenny and Mr. WONG C-Tsun were appointed as executive Directors on 10 September 2024.

Save as disclosed above, no 2023 Share Option were granted, vested, exercised, cancelled or lapsed under the 2023 Share Option Scheme during the Year. The 2023 Share Option Scheme has a remaining life of approximately 8.5 years as at the date of this annual report.

The total number of Shares available for issue in respect of the 2023 Share Options under the 2023 Share Option Scheme was 9,648,500, which represents approximately 6.6% of the Shares in issue as at the date of this annual report.

The ratio of the number of Shares issuable in respect of the 2023 Share Options (i.e. 9,648,500 Shares), divided by the weighted average number of Shares in issue (excluding treasury shares) during the Year (i.e. 146,768,541 Shares) was approximately 6.6%.

The number of options available for grant under the 2023 Share Option scheme was 2,619,029, representing approximately 1.8% of the Shares in issue as at 1 April 2024. The number of options available for grant under the 2023 Share Option scheme were 4,670,529 and 4,970,529, representing approximately 3.2% and 3.4% of the Shares in issue as at 31 March 2025 and as at the date of this annual report, respectively.

As at the date of this annual report, the total number of Shares available for issue under the 2023 Share Option Scheme (including the Shares available for issue in respect of the 2023 Share Options granted but not yet exercised and the options which may be granted) was 14,319,029, representing 9.8% of the Shares in issue.

COMPETING BUSINESS

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 Year.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the Year, the Group's operations are mainly carried out by the subsidiaries of the Company in Hong Kong and Mainland China. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the Year are set out in note 29 to the consolidated financial statements of this annual report.

During the Year, the related party transactions as disclosed in notes 29(a)(i) and 29(a)(ii) to the consolidated financial statements of this annual report constituted exempt connected transactions under Chapter 20 of the GEM Listing Rules and accordingly are exempted from the disclosure requirements in Chapter 20 of the GEM Listing Rules.

The related party transactions as disclosed in note 29(c) to the consolidated financial statements of this annual report are not regarded as connected transactions under chapter 20 of the GEM Listing Rules.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Board and members of the Senior Management are committed to achieving and maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 26 to 41 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained a sufficient public float under the GEM Listing Rules during the Year and up to the date of this annual report.

TAX RELIEF

The Directors are not aware of any relief on taxation to the Shareholders by reasons of their holdings of the Shares. If the Shareholders are unsure about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the Shares, they are advised to consult their professional advisers.

AUDITOR

The consolidated financial statements for the Year have been audited by Crowe (HK) CPA Limited who will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Crowe (HK) CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company (the "AGM").

Crowe (HK) CPA Limited was appointed as the auditor of the Company on 20 September 2022 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited on 20 September 2022. Save as disclosed above, there were no changes in auditor of the Company during the past three years.

CHANGE OF INFORMATION OF DIRECTORS

Mr. CHENG Yuk Wo resigned as an independent non-executive director of CPMC Holdings Limited (previous stock code: 906.HK) on 22 April 2025.

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules since last published report.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2025 and up to the date of this annual report.

ANNUAL GENERAL MEETING

The AGM for the Year of the Company will be held at 11:00 a.m. on Monday, 29 September 2025 at 17/F., Leighton Centre, 77 Leighton Road, Causeway, Hong Kong and a notice of AGM will be published and despatched in due course.

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

Hong Kong, 20 June 2025

CORPORATE GOVERNANCE REPORT

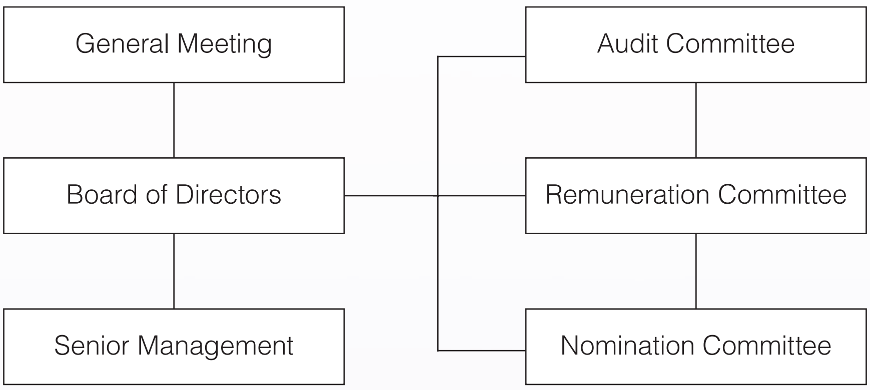
The Board and members of Senior Management are committed to achieving and maintaining high standards of corporate governance practices and procedures. The Board recognises that good corporate governance practices, as the foundation of the Group's corporate culture, are essential to maximise Shareholders' value, safeguard the Shareholders' interests, and enhance stakeholders' confidence and support. The Board is pleased to present this Corporate Governance Report contained in the Company's annual report for the Year.

CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules as the basis of the Company's corporate governance practices. The Board is of the view that the Company has complied with the principles and code provision set out in the CG Code during the Year and up to the date of this annual report.

The Board will keep the corporate governance practices of the Group under continual review to ensure consistent application, and will make updates and improvements in line with the developments of the CG Code as well as the growing expectations of the Shareholders and other stakeholders.

The Corporate Governance Structure of the Company during the Year and up to the date of this annual report is as follows:



THE BOARD OF DIRECTORS

Overall Accountability, Responsibilities and Delegation

Under the leadership of Mr. SABINE Martin Nevil (Chairman of the Board), the Board is accountable to the Shareholders and is discharging its corporate accountability. The Board assumes overall responsibility for leadership and monitoring of the Group. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs as well as monitoring business and performance.

The Directors, individually and collectively, must act in good faith in the best interests of the Company and the Shareholders and fulfill their fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the Senior Management. To oversee particular aspects of the Company's affairs, the Board has also established three Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

The Board monitors Senior Management's performance against the achievement of financial and non-financial measures by reviewing monthly updates, internal and external audit reports, and collecting feedbacks from stakeholders. The Board has the full support of the Senior Management to discharge its responsibilities.

All Directors have access to the advice and services of the company secretary of the Company (the "Company Secretary") to ensure that Board procedures, all applicable laws, rules and regulations are followed.

All Directors have fully and timely access to all relevant information as well as the advice and services of professional advisers, as and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making a request to the Board. All Directors are encouraged to access and to consult with the Senior Management.

The Company has arranged directors' and officers' liability insurance for its Directors and officers in respect of possible legal proceedings and other claims against them arising from their office and execution of their powers, duties and responsibilities. The Directors and officers shall not be indemnified when there is any negligence, fraud, breach of duty or breach of trust proven against them. The insurance coverage is reviewed at least annually to ensure that the Directors and officers are adequately protected against potential liabilities.

Board Composition

During the Year and up to the date of this annual report, the Board comprises five executive Directors and three independent non-executive Directors. The Board composition is in compliance with the minimum number of independent non-executive Directors required under rule 5.05(1) of the GEM Listing Rules, the appropriate professional qualifications or accounting or related financial management expertise required by rule 5.05(2) of the GEM Listing Rules and the proportion of independent non-executive Directors in the Board required by rule 5.05A of the GEM Listing Rules.

During the Year and up to the date of this annual report, the Board comprises the following Directors:

<u>Executive Directors</u>
Mr. SABINE Martin Nevil *(Chairman of the Board)*
Mr. CHEUNG Tei Sing Jamie *(Vice Chairman)*
Mr. CHOW Wai Hung Kenneth *(Chief Executive Officer)*
Ms. LEUNG Lim Ng Jenny *(appointed on 10 September 2024)*
Mr. WONG C-Tsun *(appointed on 10 September 2024)*

<u>Independent non-executive Directors</u>
Mr. CHENG Yuk Wo
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen

Formal service agreements and letters of appointment have been entered into with the executive Directors and the independent non-executive Directors respectively setting out the key terms and conditions of their respective appointments. On 22 August 2024, both Ms. LEUNG Lim Ng Jenny and Mr. WONG C-Tsun, newly appointed Directors on 10 September 2024, had obtained legal advice from an external law firm as regards the requirements under the GEM Listing Rules that are applicable to them as directors of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange pursuant to rule 5.02D of the GEM Listing Rules. Both of them has confirmed their understanding of the obligations as directors of a listed issuer.

The Directors' biographical information is set out on pages 42 to 44 of this annual report. There is no relationship (including financial, business, family or other material relationship) among the members of the Board except that Mr. SABINE Martin Nevil and Mr. CHEUNG Tei Sing Jamie are acting in concert in respect of their interests in the Company. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective oversight of the management of the business affairs of the Group.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner. During the Year, all Directors gave sufficient time and attention to the affairs of the Group.

Chairman and Chief Executive Officer

Mr. SABINE Martin Nevil serves as the Chairman who is primarily responsible for leading the Board and ensuring that good corporate governance practices and procedures are established, whereas Mr. CHOW Wai Hung Kenneth serves as the Chief Executive Officer who is responsible for managing the Company and its subsidiaries' businesses. There is a clear segregation of roles between the Chairman and the Chief Executive Officer. Directors are encouraged to make a full and active contribution to the Board's affairs and participate actively in all Board and committee meetings.

Appointment and Re-election of Directors

All Directors are appointed for a specific term of maximum 3 years subject to the retirement and re-election provisions in the Articles of the Company. Pursuant to article 83 of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the next following annual general meeting, at which time they shall retire and be eligible for re-election by the Shareholders.

Pursuant to article 84 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. SABINE Martin Nevil, Mr. CHOW Wai Hung Kenneth and Mr. LAW Cheuk Kin Stephen will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

If the occasion arises, particular consideration will also be given in assessing the independence of those independent non-executive Directors who have been serving on the Board for more than nine years and seek re-election in the AGM. Reasons will be given in the AGM circular to explain why the Board believes those independent non-executive Directors are still independent and should be re-elected, including the factors considered, the process and the discussion of the Board in arriving at such determination.

Board Independence

Board independence is key to good corporate governance and the Company has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The independent non-executive Directors have served a significant role in the Board by bringing independent judgment and advice on the performance, development and risk management of the Group, to ensure that the interests of all Shareholders and other stakeholders are taken into account. A culture of openness and debate is promoted in order to facilitate effective contribution of the independent non-executive Directors and ensure constructive relations within the Board.

The current composition of the Board (comprising more than one third Independent Non-executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors) fulfils the independence requirements under the GEM Listing Rules. Each of Mr. CHENG Yuk Wo, Mr. YUEN Kam Tim Francis and Mr. LAW Cheuk Kin Stephen, the independent non-executive Directors, has entered into a service agreement with the Company for a term of three years commencing from 28 March 2023. No independent non-executive Directors had served the Board for more than nine years during the Year. No equity-based remuneration will be granted to independent non-executive Directors. Their appointment is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles. Mr. CHENG Yuk Wo and Mr. LAW Cheuk Kin Stephen, two of three independent non-executive Directors, possess the appropriate professional qualifications or accounting or related financial management expertise as required under rule 5.05(2) of the GEM Listing Rules.

The independent non-executive Directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. The independent non-executive Directors have historically and consistently demonstrated strong commitment, and the ability to devote sufficient time to discharge their responsibilities at the Board. Through participation in meetings of the Board and Board committees and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors had made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

Prior to their respective appointments, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. Each independent non-executive Director is required to inform the Group as soon as practicable if there is any change that may affect his/her independence. The Nomination Committee conducted a detailed independence review and was satisfied that each of the three independent non-executive Directors was independent at the time of review. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to rule 5.09 of the GEM Listing Rules. The Board has affirmed that all independent non-executive Directors continued to be independent throughout the Year and up to the date of this annual report based on the assessment made in accordance with the criterion set out in rule 5.09 of the GEM Listing Rules.

Mr. SABINE Martin Nevil, Chairman of the Board, meets with independent non-executive Directors annually without the presence of executive Directors. The independent non-executive Directors are identified as such in all corporate communications containing their names. None of the Directors has any financial, business, family or other material/relevant relationship with each other.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with specific written terms of reference in compliance with the code provision B.3.1 of the CG Code. A copy of the terms of reference of the Nomination Committee has been posted on the Company's website at www.somerleycapital.com and the website of the Stock Exchange at www.hkexnews.hk. In compliance with rule 5.36A of the GEM Listing Rules, the Nomination Committee is comprised of five members with at least one member of a different gender, including three independent non-executive Directors and two executive Directors, and is chaired by an executive Director which is also the Chairman of the Board. During the Year and up to the date of this annual report, the members of the Nomination Committee have been and are:

Mr. SABINE Martin Nevil *(Chairman of the Nomination Committee)*
Ms. LEUNG Lim Ng Jenny *(appointed on 10 September 2024)*
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen
Mr. CHENG Yuk Wo *(appointed on 10 September 2024)*

The primary duties of the Nomination Committee are reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified as potential members of the Board, assessing the independence of the independent non-executive Directors, selecting or making recommendations on the selection of individuals nominated for directorships and succession planning for the Directors, in particular the Chairman and the chief executive of the Company (the "Chief Executive"). When identifying suitable director candidates, and making recommendation to the Board, the Nomination Committee takes into consideration their education, expertise within the industry and past directorships. The Nomination Committee also monitors the implementation of the board diversity policy and reports to the Board on the achievement of the measurable objectives for achieving diversity, including gender diversity, under the board diversity policy and succession planning. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the Year, the Nomination Committee held two meetings. The Nomination Committee reviewed the structure, size and composition of the Board, reviewed the gender diversity of the workforce, assessed the independency of the independent non-executive Directors, reviewed the nomination policy and board diversity policy, reviewed succession plan, and reviewed and recommended to the Board in relation to the proposed appointment of two new executive Directors and the proposed re-election of retiring Directors. The Nomination Committee also reviewed the implementation and effectiveness of the mechanism of ensuring independent views and inputs are available to the Board, details are set out in the paragraph headed "Board Independence" in this section.

Full minutes of the Nomination Committee meetings are kept by the Company Secretary and are open for inspection by any committee members. Draft and final versions of were sent to all members of the Nomination Committee for their comments and records respectively within a reasonable time after the meeting.

Board Diversity Policy

Pursuant to the CG Code, the Board has adopted a board diversity policy. The Company believes that board diversity is a key element for the Company to maintain sound corporate governance, realise sustainable development and achieve strategic objectives. The Company believes that board diversity enhances decision-making capability and a diverse board is more effective in dealing with organisational changes. The Company considers that the concept of diversity incorporates a number of different aspects, such as professional experience, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

Independence:	The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.
Gender:	The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, race, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.
Nationality and ethnicity:	The Company places value on having a board of directors of different nationality or ethnic backgrounds who can contribute their knowledge and understanding of the environment in which the Company operates its business.
Skills and experience:	The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance and management backgrounds that taken together provide the Company with considerable experience in a range of activities.

Apart from the above objectives, the board diversity policy has the following objectives to comply with the GEM Listing Rules:

1. at least one member of the Board shall be of a different gender;

2. at least one third of the members of the Board shall be independent non-executive Directors;

3. at least three of the members of the Board shall be independent non-executive Directors; and

4. at least one of the members of the Board shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved most of the measurable objectives under board diversity policy during the Year.

As at 31 March 2025 and up to the date of this report, out of the eight Directors, one is female representing 12.5% of the Board. The Board targets to maintain at least the current level of female representation. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitably qualified candidates for Board appointments. As at 31 March 2025, male and female employees accounted for approximately 51% and 49% of the total workforce, respectively. The Board therefore considers that gender diversity has also been achieved at the workforce level (including members of the Senior Management).

Nomination Policy

The nomination policy of the Company was adopted by the Board and became effective on 31 December 2018. Nomination Committee plays the major role of recruitment of suitable candidates to sit on the Board, including appointment, re-appointment and/or re-designation of directors to ensure the Board possesses pre-requisite skills, experience and diversified perspectives in line with the Company's business development. The Board bears the ultimate responsibility for the selection and appointment of directors. It will take Nomination Committee's recommendation into consideration for the appointment or re-appointment of candidates as the Company's directors.

<u>Selection Criteria</u>

The Nomination Committee shall endeavor to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of all Shareholders. Candidates will be selected for their ability to exercise good judgment to provide practical insights and diverse perspectives. The Nomination Committee considers the following qualifications in recommending suitable candidates to the Board:

- high professional and personal ethics;
- independence;
- compliance with legal and regulatory requirements;
- ability to provide insights and practical wisdom based on their experience and expertise relevant to the Company's business;
- commitment to enhancing shareholder value; and
- ability to develop a good working relationship with the Directors and contribute to the Board's working relationship with the Senior Management of the Company.

These qualifications are for reference and not all suitable candidates may fulfil all of them. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as Director and to the public disclosure of their personal data on documents or the relevant websites for the purpose of or in relation to their standing for election as Director.

The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

<u>Nomination Procedure</u>

The Company Secretary of the Board shall call a meeting of the Nomination Committee, and invite nominations of candidates, if any, from Board members for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

For filling a causal vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

Until the issue of the relevant shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at a general meeting.

A circular will be sent to Shareholders in order to provide information concerning the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from Shareholders. The circular will set out the lodgment period for Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

A Shareholder can serve a notice to the Company Secretary, within the lodgment period, of their intention to propose a resolution to elect a certain person as Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidate(s) so proposed will be sent to all Shareholders for information by a supplementary circular.

A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

As there may be more candidates than the vacancies available, and the 'gross-vote' method will be used to determine who shall be elected as Director. Shareholder proposed resolutions shall take the same form as the resolutions proposed for the candidates recommended by the Board.

The Nomination Committee shall ensure that the composition of the Board is in conformity with the provisions of all applicable laws and regulations.

REMUNERATION COMMITTEE

Pursuant to rules 5.34 and 5.35 of the GEM Listing Rules, the Company has set up the Remuneration Committee, establishing authority and duties under its specific terms of reference. The written terms of reference of the Remuneration Committee were adopted in compliance with the code provision E.1.2 of the CG Code. A copy of the terms of reference of the Remuneration Committee has been posted on the Company's website at www.somerleycapital.com and the website of the Stock Exchange at www.hkexnews.hk. The Remuneration Committee is comprised of five members, including three independent non-executive Directors and two executive Directors and is chaired by an independent non-executive Director. During the Year and up to the date of this annual report, the members of the Remuneration Committee have been and are:

Mr. YUEN Kam Tim Francis *(Chairman of the Remuneration Committee)*
Mr. WONG C-Tsun *(appointed on 10 September 2024)*
Mr. CHEUNG Tei Sing Jamie
Mr. CHENG Yuk Wo
Mr. LAW Cheuk Kin Stephen *(appointed on 10 September 2024)*

The primary duties of the Remuneration Committee include: (i) making recommendations to the Board on the remuneration policy relating to the Directors and members of the Senior Management; (ii) making recommendations to the Board on the remuneration packages of executive Directors and members of the Senior Management and ensuring none of the Directors determines their own remuneration; (iii) reviewing and approving the management's performance-based remuneration proposals; and (iv) reviewing and approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

During the Year, the Remuneration Committee held one meeting. The Remuneration Committee (i) considered and reviewed the remuneration policy; (ii) considered and reviewed the remuneration packages of the Directors and Senior Management and recommended to the Board for approval; and (iii) reviewed the matters in relation to 2023 Share Option Scheme. The Remuneration Committee also assessed the performance of the executive Directors.

Full minutes of the Remuneration Committee meetings are kept by the Company Secretary and are open for inspection by any committee members. Draft and final versions of minutes were sent to all members of the Remuneration Committee for their comments and records respectively within a reasonable time after the meeting.

Remuneration Policy for Directors and Senior Management

The remuneration of the executive Directors and Senior Management is subject to review and approval by the Remuneration Committee and the remuneration of the non-executive Directors (including independent non-executive Directors) is subject to approval by the Board. The Group's remuneration policies are formulated based on skill, knowledge, responsibilities and involvement in the Group's affairs, and the performance of the Directors and Senior Management and are reviewed regularly. An individual executive Director is entitled to a discretionary bonus of a sum to be determined by the Remuneration Committee and approved by the Board at its absolute discretion having regard to the operating results of the Group and the performance of the Director. The remuneration policy for non-executive Directors (including independent non-executive Directors) is to ensure that non-executive Directors (including independent non-executive Directors) are adequately compensated for their efforts and time dedicated to the Group's affairs, including their participation in Board committees. The Director shall abstain from voting and shall not be counted in the quorum in respect of the resolution regarding the amount so payable to him. 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. Details of the share option schemes are set out in the section headed "Share Option Schemes" of the Directors' Report.

Senior Management's Remuneration

One member of the Senior Management retired during the Year and there are six members of the Senior Management as at 31 March 2025 and up to the date of this annual report. Pursuant to code provision E.1.5 of the CG Code, the total remuneration of the Senior Management paid/payable for the Year by band is set out below:

In the band of	Number of individuals
Nil–HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	4

Further details of the Directors' remuneration and the five individuals with the highest emoluments are set out in notes 10 and 11 to the consolidated financial statements respectively.

AUDIT COMMITTEE

The Company has established 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 written terms of reference of the Audit Committee was adopted in compliance with the code provisions D.3.3 and D.3.7 of the CG Code. A copy of the terms of reference of the Audit Committee has been posted on the Company's website at www.somerleycapital.com and the website of the Stock Exchange at www.hkexnews.hk. The Audit Committee is comprised of three independent non-executive Directors. During the Year and up to the date of this annual report, the members of the Audit Committee have been and are:

Mr. CHENG Yuk Wo *(Chairman of the Audit Committee)*
Mr. YUEN Kam Tim Francis
Mr. LAW Cheuk Kin Stephen

The primary duties of the Audit Committee include, but not limited to, reviewing the annual reports and accounts, half-year reports, and if prepared for publication, quarterly reports, making recommendations to the Board on the appointment and dismissal of external auditor, monitoring the independence and objectivity of external auditor, overseeing the integrity of financial information and financial reporting system, supervising the internal control system and internal audit functions and ensuring such functions are adequately resourced, and monitoring and reviewing any continuing connected transaction and related party transaction.

During the Year, the Audit Committee held four meetings. The external auditor, Crowe (HK) CPA Limited, held a separate meeting with independent non-executive Directors and attended two meetings in conjunction with the release of the half year and full year results announcements. The major work performed by the Audit Committee during the Year included:

i. reviewed the annual results (including annual financial statements, annual report and final results announcement) for the year ended 31 March 2024 and interim results (including interim financial statements, interim report and interim results announcement) for the six months ended 30 September 2024 and recommended the same to the Board for approval;

ii. reviewed reports submitted by external auditor on its statutory audit of the annual financial statements for the year ended 31 March 2024 and its review of the interim financial statements for the six months ended 30 September 2024;

iii. reviewed the external auditor's statutory audit plan for the year ended 31 March 2024, reporting obligations and the terms of the engagement;

iv. reviewed the independence and objectivity of the external auditor, the scope and nature of audit and non-audit services and audit-related and non-audit fees;

v. reviewed reports submitted by an independent consulting firm on the efficiency of internal control system of the Group, including the findings and recommendations, and the implementation status of previous recommendations;

vi. reviewed the adequacy on staffing and resources, staff qualifications and experience, of the accounting and financial reporting function; and

vii. reviewed the continuing connected transactions and related party transactions undertaken by the Group.

The Audit Committee has also reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the annual results, annual report and the consolidated financial statements of the Group for the Year.

There is no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor. The Audit Committee has reviewed the remuneration of the Company's auditor for the Year, and has recommended to the Board the re-appointment of Crowe (HK) CPA Limited as the auditor of the Company for the Year, subject to approval by the Shareholders at the forthcoming annual general meeting, which is to be held on 29 September 2025.

Full minutes of the Audit Committee meetings are kept by the Company Secretary and are open for inspection by any committee members. Draft and final versions of minutes were sent to all members of the Audit Committee for their comments and records respectively within a reasonable time after the meeting.

PRACTICE AND CONDUCT OF MEETINGS

The Company adopts code provision C.5.1 of the CG Code which holds regular Board meetings at quarterly intervals with additional meetings convened as and when necessary to discuss the overall strategic directions, operations and financial performance of the Group, and to approve interim and annual results, and if prepared for publication, quarterly results, and other significant matters of the Group.

Notices of no less than fourteen days and the preliminary agenda are given for all regular Board meetings and a final agenda with supporting Board papers is given no less than 3 days prior to a Board meeting such that all Directors are given an opportunity to include matters for discussion in the agenda. For other Board meetings and Board Committee meetings, reasonable notice is generally given.

The Articles contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and abstain from voting in favour of the related board resolutions as appropriate.

Board papers together with all appropriate, complete and reliable information are sent to all Directors well in advance before each Board meeting or Board committee meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Full minutes of the Board and the Board committee meetings are kept by the Company Secretary and are open for inspection by any Director. Draft and final versions of minutes were sent to all Directors for their comments and records respectively within a reasonable time after the meeting.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures are followed.

During the Year, the attendance of Directors at the above committees meetings, board meetings and general meeting was:

	Number of meetings attended/Number of meetings held				
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**General Meeting**
Executive Directors:					
Mr. SABINE Martin Nevil	4/4	—	—	2/2	1/1
Mr. CHEUNG Tei Sing Jamie	4/4	—	1/1	—	1/1
Mr. CHOW Wai Hung Kenneth	4/4	—	—	—	1/1
Ms. LEUNG Lim Ng Jenny*	2/2	—	—	—	—
Mr. WONG C-Tsun*	2/2	—	—	—	—
Independent Non-executive Directors:					
Mr. CHENG Yuk Wo	4/4	4/4	1/1	—	1/1
Mr. YUEN Kam Tim Francis	4/4	4/4	1/1	2/2	1/1
Mr. LAW Cheuk Kin Stephen	4/4	4/4	—	2/2	0/1

* appointed on 10 September 2024

During the Year and up to the date of this annual report, the Chairman had one meeting with the independent non-executive Directors without the presence of the other executive Directors.

CORPORATE GOVERNANCE FUNCTIONS

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has the following duties and responsibilities in performing the corporate governance duties of the Company:

1. to determine and review the Group's policies and practices on corporate governance;

2. to review and monitor internal control and risk management framework and system;

3. to review and monitor the training and continuing professional development of the Directors and staff of the Group;

4. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

5. to develop, review and monitor the code of conduct and compliance manuals applicable to employees and the Directors; and

6. to review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report and in annual report of the Company.

During the Year, the Board has reviewed the Group's corporate governance practices and the Group's compliance with the CG Code and disclosure in the Corporate Governance Report.

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 of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings throughout the Year and up to the date of this annual report.

AUDITOR'S REMUNERATION

For the Year, the fees paid to Crowe (HK) CPA Limited, the auditor of the Company (the "Auditor"), and its affiliate companies in respect of audit and non-audit services provided by them to the Group were as follows:

	Fee Amount HK$'000
Audit services	350
Non-audit services	
— Interim report review	100
— Tax representation and filing services	35

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the Auditor during the Year.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group that gives a true and fair view of the financial position of the Group as at 31 March 2025, and its financial performance and the cash flows for the Year. In preparing the consolidated financial statements, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable judgments and estimates have been made. The Board is not aware of any material uncertainties relating to the events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the ongoing concern basis in preparing the consolidated financial statements.

The statements of the Directors and the Auditor regarding their respective responsibilities on the consolidated financial statements of the Group are set out in the independent auditor's report for the Year as contained in this annual report.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision C.1.4 of the CG Code, all directors should participate in continuing professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Each Director received induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is sufficiently aware of his responsibilities and obligations under the GEM Listing Rules and other relevant legal and regulatory requirements.

Name of Director	Briefings and updates on the business, operations and corporate governance matters	Attending seminars, workshops or exhibitions relevant to the business or directors' duties
Executive Directors		
Mr. SABINE Martin Nevil	✓	✓
Mr. CHEUNG Tei Sing Jamie	✓	✓
Mr. CHOW Wai Hung Kenneth	✓	✓
Ms. LEUNG Lim Ng Jenny	✓	✓
Mr. WONG C-Tsun	✓	✓
Independent non-executive Directors		
Mr. CHENG Yuk Wo	✓	✓
Mr. YUEN Kam Tim Francis	✓	✓
Mr. LAW Cheuk Kin Stephen	✓	✓

During the Year, all Directors participated in continuing professional development regarding their duties and responsibilities under the relevant legal and regulatory requirement which included reading materials in relation to legal or regulatory update and/or attending training courses.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is committed to the maintenance of sound and effective internal control and risk management systems of the Group. The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness and conducts a review on an annual basis. The risk management and internal control systems are designed to manage rather than eliminate risks of failure in operational systems so that the Company's objectives can be achieved, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group adopts a risk management system which manages the risks associated with its business and operations and it comprises the following processes:

Identification:	Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
Evaluation:	Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
Management:	Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.
Monitoring:	Perform ongoing and regular monitoring of the risk, report the results and effectiveness of risk management and internal control regularly.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements inside information policies and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- Access to information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

The Group does not have an internal audit department. During the Year, the Group has assessed whether there is a need for an internal audit department. Taking into account the size, nature and complexity of the Group's business, the Board have sufficient capacity to oversee the design and implementation of the risk management and internal control system and to assess its effectiveness, and accordingly there is no immediate need to set up an internal audit function within the Group. The Group will continue to review whether necessary changes should be made regarding the establishment of an independent internal audit department at the appropriate time.

An internal audit plan is approved by the Board. A review of the risk management and internal control systems is conducted annually and the results are reported to the Board via the Audit Committee.

During the Year, the Group engaged an independent consulting firm to review the design and effectiveness of its risk management and internal control system annually. The independent consulting firm submitted a report of findings and areas for improvement to the management and the management had adopted the improvements accordingly. Having considered (i) the existence of the risk management and internal control system; (ii) the findings of the independent consulting firm; and (iii) the management have taken into account the areas for improvement suggested by the independent consulting firm and further enhanced the risk management and internal control system, the Board and Audit Committee were of the view that the Group had no material internal control deficiencies and its risk management and internal control systems were effective and adequate.

CONSTITUTIONAL DOCUMENTS

During the Year, there were no changes in the Company's Articles. The Company's Articles are available on the websites of the Stock Exchange and the Company.

DIVIDEND POLICY

The dividend policy of the Company (the "Dividend Policy") was adopted by the Board and became effective on 31 December 2018. The Group places great importance on a consistent and maintainable level of dividends. This means that in a good year the regular dividend may be increased. In particularly good years, a "special" dividend may be paid in addition to the regular dividend, and will be flagged as "special", i.e. not normally to be repeated. In a poor year, the Group will endeavour to maintain dividend payments, even if, in an extreme case, they exceed profits, provided that the Group's financial position, such as liquidity and net assets, remains sound.

Subject to above circumstances, the Group intends to provide Shareholders with dividends of at least 40% of the Group's annual consolidated net income attributable to Shareholders. In proposing any dividend payout, the Board shall take into account, inter alia:

(a) the Group's financial performance for the current financial year;

(b) the Group's expected financial performance in the coming financial year;

(c) retained earnings and distributable reserves of the Group and each of the subsidiaries;

(d) the level of the Group's liquidity and net assets;

(e) the Group's working capital requirements and future commitments at the time of declaration of dividend;

(f) general economic conditions, the business cycle of the Group's corporate finance advisory business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(g) any other factors that the Board deems appropriate.

The Dividend Policy and the declaration and/or payment of future dividends under the Dividend Policy are subject to the Board's continuing determination that the Dividend Policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders and are in compliance with all applicable laws and regulations. The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable policy.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board has established shareholders' communication policy and is dedicated to maintaining an effective and on-going dialogue with the Shareholders and other stakeholders. It aims to ensure that the Shareholders and other stakeholders are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the other stakeholders to engage actively with the Company.

The financial reports (including annual and interim reports), and if prepared for publication, quarterly reports, regulatory disclosures, annual general meetings and other general meetings of the Company are the primary forum for communication and engagement with Shareholders and other stakeholders. All corporate communications are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.somerleycapital.com) as soon as practicable after their release. The Company's constitutional documents are also available on the Company's website. Information on the website will be updated on a regular basis. Enquiries from individuals on matters relating to their shareholdings or the business of the Company are welcomed and will be dealt with in an informative and timely manner.

General meetings of the Company provide the best opportunity for communication between the Board and the Shareholders. The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board directly. Members of the Board are available at such meetings to respond to enquiries raised by the Shareholders. The Auditor also attends to answer any questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence.

During the Year, the Company held an annual general meeting on 10 September 2024. Notice of the annual general meeting was sent to the Shareholders on 15 August 2024 at least 21 clear days before the meeting. Except for Mr. LAW Cheuk Kin Stephen was unable to attend the annual general meeting due to his out-of-town commitments, all members of the Board and the Auditor attended the annual general meeting.

After reviewing the Shareholders' communication channels, the Board is of view that the shareholders communication policy adopted by the Company has been effectively implemented during the Year.

Further details on the upcoming annual general meeting are set out on page 25 of this annual report.

SHAREHOLDERS' RIGHTS

Shareholders' Rights to Nominate a Director

Pursuant to article 85 of the Articles, if a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she should deposit (i) a written notice (the "Proposal Notice") of the intention to propose the Candidate for election as a Director; and (ii) a written notice (the "Consent Notice") signed by the Candidate of his/her willingness to be elected at either of the following addresses during a period of at least 7 days commencing no earlier than the day immediately after the despatch of the notice of the general meeting and ending no later than 7 days before the date of such general meeting to the headquarters, head office and principal place of business in Hong Kong at 20th Floor, China Building, 29 Queen's Road Central, Central, Hong Kong or the registered office of the Company in Cayman Islands at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Proposal Notice must be accompanied by the information of the Candidate as required by rule 17.50(2) of the GEM Listing Rules and must be signed by the Shareholder proposing the Candidate for election as a Director. The Consent Notice must indicate his/her willingness to be elected and consent to the publication of his/her information as required by rule 17.50(2) of the GEM Listing Rules and must be signed by the Candidate.

Shareholders' Rights to Convene an Extraordinary General Meeting

Pursuant to article 58 of the Articles, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company and carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' Rights to Put Forward Enquiries to the Board

Shareholders may at any time make a request for information about the Company (to the extent that such information is publicly available) to the Company Secretary who is responsible for forwarding communications relating to the Board or ordinary business matters, such as suggestions, inquiries and complaints, to the Directors of the Company. Shareholders may also send their enquiries to the Company's email at somerley@somerley.com.hk or send them directly to the Company's office at 20th Floor, China Building, 29 Queen's Road Central, Central, Hong Kong.

Shareholders' Rights to Put Forward Proposals at General Meetings

Shareholders are welcome to put forward proposals relating to the operations and management of the Group to be discussed at Shareholders' meetings. Shareholders who wish to put forward a proposal shall send written requisition to the Board or the Company Secretary at the abovementioned address of the Company to require an extraordinary general meeting by following the procedures set out in "Shareholders' Rights on Convening an Extraordinary General Meeting" above.

INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the GEM Listing Rules and the SFO, the Group has implemented a policy on disclosure of inside information with various procedures and measures, including notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, identification of projects by code name, and dissemination of information to stated purpose and on a need-to-know basis. In all cases, great care must be taken to ensure that no inside information will be disclosed to selected outsiders.

ANTI-CORRUPTION AND WHISTLEBLOWING POLICY

The Group adheres to the highest standards of business ethics and integrity, employing a zero-tolerance policy towards corruption in all its forms. Employees are expected to follow the anti-corruption policy and code of conduct. These provide guidance on professional conduct and detail measures for preventing, identifying, and handling corruption. Any activities that might unfairly affect a business relationship, such as soliciting, offering, or receiving gifts or advantages, are strictly forbidden.

Whistleblowing policy and system have been established for employees and those who have business dealings with the Group. They may raise concerns, in confidence, to the Audit Committee about the possible improprieties in any matters related to the Group.

COMPANY SECRETARY

The Company Secretary supports the Board and the Board committees by ensuring good information flow that Board policies and procedures, all applicable laws, rules and regulation are followed, advises the Board on governance matters and facilitates the induction and professional development of Directors. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs. The Company Secretary reports to the Chairman and the Chief Executive Officer. The approval for the selection, appointment or dismissal of the Company Secretary rests with the Board at a physical Board meeting.

Mr. PANG Mo Cheung, the financial controller of the Group, is the Company Secretary as appointed pursuant to rule 5.14 of the GEM Listing Rules. His biographical detail is set out under the section headed "Biography of Directors and Senior Management" of this annual report. During the Year, he undertook over 15 hours' professional training to update his skills and knowledge.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. SABINE Martin Nevil ("Mr. Sabine"), aged 77, was appointed as a Director on 21 April 2016 and designated as an executive Director and appointed as the Chairman of the Company on 9 March 2017. He is also a director of Somerley (BVI) Limited, Somerley Capital Limited, Somerley (Hong Kong) Limited, Environmental Investment Services Asia Limited and Somerley Ace Limited. He is also the chairman of the Nomination Committee. In addition, Mr. Sabine is a director of Somerley Group Limited, ultimate holding company of the Company. Mr. Sabine is responsible for overseeing business development of the Group, cultivating long-term client relationships, introducing new clients and projects, monitoring industry developments and liaising with team heads and members on specific transactions. He graduated with a Bachelor of Arts degree from the University of Oxford in July 1969. He was awarded a Thouron Scholarship to attend the Wharton Graduate School of Business of the University of Pennsylvania in that year. He received a Master's Degree in Business Administration from the Wharton Graduate School of Business and was elected to the Beta Gamma Sigma honour society in April 1971.

After graduation, Mr. Sabine worked in the financial field in London before coming to Hong Kong in 1977. After working in the corporate finance department of Wardley Limited, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited until 1983, latterly as a director, he set up Somerley International Limited in 1983. Since that time, Somerley International Limited and now Somerley Capital Limited have developed into one of the most active firms in the corporate finance advisory field in Hong Kong. Mr. Sabine is the ultimate controlling shareholder of the Company and Somerley Capital Limited. He has acted as a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and as a Principal since 2 October 2013.

Mr. Sabine is the author of a well-known book on corporate finance, which has been translated into Chinese, Italian and Spanish. The fourth edition, entitled "Corporate Finance: IPO and M&A", was published in 2021. Mr. Sabine is a member of the Takeovers and Mergers Panel, a member of the Listing Review Committee and a fellow of the Hong Kong Securities and Investment Institute.

Mr. CHEUNG Tei Sing Jamie ("Mr. Cheung"), aged 54, was appointed as a Director on 21 April 2016 and designated as an executive Director on 9 March 2017 and the Vice Chairman on 31 March 2022. He is a member of the Remuneration Committee. He is also a director of Somerley (BVI) Limited, Somerley Capital Limited, Somerley (Hong Kong) Limited, Somerley Ace Limited and Environmental Investment Services Asia Limited. He has been appointed as an independent non-executive director of Mainland Headwear Holdings Limited (stock code: 1100) since 1 September 2023. In addition, Mr. Cheung is a director of Somerley Group Limited, ultimate holding company of the Company. He joined Somerley International Limited in March 1996 as assistant manager. He has served as vice president of Somerley Capital Limited since July 2014, responsible for formulating business and corporate strategies and project origination. He has acted as a Licensed Representative for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 14 July 2014. Mr. Cheung has over 20 years' experience in corporate finance. Mr. Cheung obtained a Bachelor of Commerce degree from The University of New South Wales in April 1993 and obtained from the Australian Graduate School of Management the degree of Master of Business Administration in July 2004. Mr. Cheung has been a member of CPA Australia since April 1996.

Prior to joining Somerley International Limited, Mr. Cheung worked in the audit department of Deloitte Touche Tohmatsu as an accountant between January 1993 and March 1996. During the period between September 2003 and May 2005, Mr. Cheung left Somerley International Limited and worked in Cazenove Asia Limited in the corporate finance department, involved in its corporate finance advisory services, before rejoining Somerley International Limited in May 2005.

Mr. CHOW Wai Hung Kenneth ("Mr. Chow"), aged 54, was appointed as a Director on 21 April 2016 and designated as an executive Director on 9 March 2017 and the Chief Executive Officer on 31 March 2022. He is also a director of Somerley (BVI) Limited, Somerley Capital Limited, Somerley (Hong Kong) Limited, Somerley Ace Limited and Somerley Capital (Beijing) Limited. He joined SIL in May 2006 as director, and has served as managing director since February 2010, responsible for supervising and leading execution of corporate finance projects. Mr. Chow has over 20 years of experience in corporate finance. He is currently a Responsible Officer for Type 6 (advising on corporate finance) regulated activity and a Principal. Mr. Chow graduated from The University of New South Wales with a Bachelor of Commerce degree in Accounting in April 1993. He has been a fellow member of the Hong Kong Institute of Certified Public Accountants since May 2016 and was qualified as a member of CPA Australia and a member of the Institute of Chartered Accountants in Australia in March 1996 and March 1997 respectively.

Prior to joining SIL, Mr. Chow worked in Haitong International Capital Limited (formerly known as Taifook Capital Limited) for over six years between November 1999 and April 2006, with the last position as director. Mr. Chow also worked in the Listing Division of the Stock Exchange from 1997 to 1999 and Deloitte Touche Tohmatsu from 1993 to 1996.

Mr. WONG C-Tsun ("Mr. Wong"), aged 45, is an executive Director appointed on 10 September 2024. He is also a member of the Remuneration Committee. He joined Somerley International Limited as manager in October 2007 and has served as director since February 2014. He is a managing director of Somerley Capital Limited, and has acted as a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 28 April 2014. He is also a director of Somerley Capital (Beijing) Limited, a subsidiary of the Company in China. He is responsible for supervising and leading execution of corporate finance projects.

Mr. Wong graduated from the Chinese University of Hong Kong with a Bachelor degree of business administration in December 2002. He has been a member of the Hong Kong Institute of Certified Public Accountants since September 2007, and a Chartered Financial Analyst of the CFA Institute since September 2009.

Mr. Wong has over 20 years of experience in corporate finance, accounting and auditing. From September 2002 to July 2007, Mr. Wong worked in the audit and assurance division of KPMG, with his last position as assistant manager.

Ms. LEUNG Lim Ng Jenny ("Ms. Leung"), aged 55, is an executive Director appointed on 10 September 2024. She is also a member of the Nomination Committee. Ms. Leung joined Somerley International Limited as director in March 2010. She is a managing director of Somerley Capital Limited, and has acted as a Responsible Officer for Type 6 (advising on corporate finance) regulated activity since December 2013. She is responsible for supervising and leading execution of corporate finance projects.

Ms. Leung graduated from University of Birmingham with a Bachelor degree in social science in July 1992.

Ms. Leung has over 20 years of experience in corporate finance. In the past, she held senior positions with a number of corporate finance advisory firms and brokerage houses including Piper Jaffray Asia Ltd. (from 2006 to 2008 with last position as a principal) and Dao Heng Securities Limited (from 2000 to 2006 with last position as director of corporate finance). She has handled various IPOs, merger(s) and acquisition(s) transactions and fund raising exercises.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Yuk Wo ("Mr. Cheng"), aged 64, is an independent non-executive Director appointed on 9 March 2017. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Cheng is currently the proprietor of Erik Cheng & Co., a certified public accountant practice in Hong Kong. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics in August 1984, and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent in July 1983. He has been a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants since August 1998 and January 1999 respectively, and a member of the Institute of Chartered Professional Accountants of Canada since November 1990. Mr. Cheng has more than 30 years of experience in financial and corporate advisory services in mergers, acquisitions and investments. He had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers Ltd.) in London between 1984 and 1987 and Swiss Bank Corporation (now known as UBS AG) in Toronto between 1989 and 1992, and held senior management positions in a number of Hong Kong listed companies.

Mr. Cheng is an independent non-executive director of a number of companies the shares of which are listed on the Stock Exchange, including CSI Properties Limited (stock code: 497), Liu Chong Hing Investment Limited (stock code: 194), Chia Tai Enterprises International Limited (stock code: 3839), Miricor Enterprises Holdings Limited (stock code: 1827), Kidsland International Holdings Limited (stock code: 2122) and China Renewable Energy Investment Limited (stock code: 987). Mr. Cheng resigned as an independent non-executive director of C.P. Pokphand Company Limited (stock code: 43) on 18 January 2022 (which was privatised on 18 January 2022), Top Spring International Holdings Limited (stock code: 3688) on 30 September 2024 and CPMC Holdings Limited (stock code: 906) on 22 April 2025 (which was privatised on 22 April 2025).

Mr. YUEN Kam Tim Francis ("Mr. Yuen"), aged 71, is an independent non-executive Director appointed on 9 March 2017. He is also the chairman of the Remuneration Committee, a member of the Audit Committee and Nomination Committee. Mr. Yuen is currently a director of Saning Consultants Limited, a consultancy company. He was the managing director of Union Registrars Limited from 2004 to 2014. Prior to this, he had been a director and company secretary of South China Holdings Limited, the businesses of which included diversified financial services in securities and commodities brokerage, manufacturing, media and travel services, for 14 years from 1989 to 2003. He had also served in Sun Hung Kai Securities Limited, a leading Hong Kong securities brokerage and financial service company, for 10 years from 1979 to 1989, where he headed the secretarial and share registration departments. He is a fellow member of the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. LAW Cheuk Kin Stephen ("Mr. Law"), *JP*, aged 62, is an independent non-executive Director appointed on 15 February 2019. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee. Mr. Law is a member of the 14th National Committee of the Chinese People's Political Consultative Conference. Mr. Law is also currently an independent non-executive director of China Everbright Limited (stock code: 165), China Galaxy Securities Co., Ltd. (stock code: SH601881 and 6881), CSPC Pharmaceutical Group Limited (stock code: 1093), Keymed Biosciences Inc. (stock code: 2162) and XtalPi Holdings Limited (formerly known as Quantum Pharm Inc., stock code: 2228), and a director of Hong Kong Cyberport Management Company Limited. Mr. Law served as the finance director and a member of the executive directorate of MTR Corporation Limited (stock code: 66) ("MTR") from July 2013 to July 2016. Prior to joining MTR, he was the chief financial officer of Guoco Group Limited (stock code: 53). Prior to that, Mr. Law had served as the managing director of TPG Growth Capital (Asia) Limited and had also held various senior positions in the Morningside Group and the Wheelock Group. He was also an independent non-executive director of Bank of Guizhou Co., Ltd. (stock code: 6199). Mr. Law is currently the managing director of ANS Capital Limited, an investment holding company. He is also currently the vice president of the Hong Kong Institute of Certified Public Accountants, a member of the board of directors of SOW (Asia) Foundation and a council member of Hong Kong Business Accountants Association. He also served as an adjunct professor of Hong Kong Polytechnic University from 2015 to 2017. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Law has been appointed by the Ministry of Finance of the People's Republic of China as an expert consultant. Mr. Law holds a Bachelor's degree in Science (Civil Engineering) from the University of Birmingham, the United Kingdom and also received a Master's degree in Business Administration from the University of Hull, the United Kingdom.

SENIOR MANAGEMENT

Ms. TAM Sze Ka ("Ms. Tam"), aged 47, joined SIL as senior manager in June 2007. She has served as director of SCL since October 2013, and has acted as a Responsible Officer for Type 6 (advising on corporate finance) regulated activity since 31 December 2013. She is responsible for supervising and leading execution of corporate finance projects.

Ms. Tam graduated from the Chinese University of Hong Kong with a Bachelor degree in Integrated Business Administration in December 1999. Ms. Tam also obtained a Bachelor of Laws from the University of London, United Kingdom, through long-distance learning in August 2007.

Ms. Tam has over 20 years of experience in corporate finance and has worked in various financial institutions involved in corporate finance. Prior to joining SIL, Ms. Tam worked in RexCapital (Hong Kong) Limited from October 2004 to May 2007, with her last position as senior manager — corporate finance.

Ms. CHOW Chung Yan Stephanie ("Ms. Chow"), aged 48, joined SIL as manager in September 2007. She has served as a director of SCL since October 2015. She has acted as a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 15 October 2015. She is responsible for supervising and leading execution of corporate finance projects.

Ms. Chow graduated from the University of Melbourne with a Degree of Bachelor of Commerce in September 1998. She has been a Certified Practising Accountant of CPA Australia since February 2002 and an associate member of the Hong Kong Institute of Certified Public Accountants since April 2004.

Ms. Chow has over 20 years of experience in corporate finance and restructuring. From October 2002 to July 2006, Ms. Chow worked in Alvarez & Marsal Asia Limited, an international corporate advisory firm, with her last position as senior accountant.

Mr. HESSE Jakob Fabian ("Mr. Hesse"), aged 43, is a director of Somerley Capital Limited and acts as a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He is responsible for supervising and leading the execution of corporate finance projects as well as the Group's mergers & acquisitions and fintech activities. In addition, Mr. Hesse is also a Responsible Offer for Type 9 (asset management) regulated activities at Environmental Investment Services Asia Limited since May 2025. Mr. Hesse was previously a director of Somerley (Hong Kong) Limited and CSpro (Hong Kong) Limited (previously named Signum Digital Limited), the Group's joint venture company focused on tokenised assets and digital securities, where he was a Responsible Officer for Type 1 (dealing in securities) regulated activities.

Mr. Hesse has advised on public and private transactions, including IPOs, capital raises, acquisitions, privatisations, restructurings and fairness opinions. He started his career at J.P. Morgan in London, before moving to the renewable energy investment banking group at Jefferies and subsequently joining SIL in July 2011. Mr. Hesse holds a Bachelor degree (with Merit) from Munich University of Technology and a Master degree (with Distinction) from the London School of Economics and Political Science.

Mr. CHENG Koon Yung Clifford ("Mr. Cheng"), aged 42, joined SIL in May 2010. He has served as a director of SCL since April 2019, and has acted as a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 19 February 2019. He is responsible for supervising and leading execution of corporate finance projects.

Mr. Cheng obtained a Bachelor degree in Business Administration in Professional Accountancy from the Chinese University of Hong Kong in 2005. He has been a member of HKICPA since September 2009. Mr. Cheng has over 15 years of experience in corporate finance, accounting and auditing. He worked in the audit and assurance division of KPMG from August 2005 to April 2010.

Mr. LEUNG Man Ho ("Mr. Leung"), aged 43, joined SCL in March 2022. He has served as a director of SCL since August 2022 and has acted as a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and a Principal since 12 August 2022. He is responsible for supervising and leading execution corporate finance projects. Mr. Leung has over 20 years of experience in the corporate finance industry.

Prior to joining SCL, he held senior positions in Dongxing Securities (Hong Kong) Limited and ICBC International Capital Limited. Mr. Leung obtained a Bachelor degree in Business Administration from the City University of Hong Kong in 2004 and a Master degree in Business Administration from The University of Hong Kong in 2019.

Mr. PANG Mo Cheung ("Mr. Pang"), aged 40, joined the Group in January 2014 as financial controller and was appointed as joint company secretary on 1 April 2018. Mr. Pang has become the sole company secretary since 1 July 2020. Mr. Pang is in charge of the company secretarial, and accounting and finance functions of the Group.

Mr. Pang has over 15 years of experience in financial reporting, auditing and accounting. Prior to joining the Group, from September 2007 to December 2013, Mr. Pang worked at Deloitte Touche Tohmatsu, PricewaterhouseCoopers Ltd. and Ernst & Young, respectively, with his last position as manager in finance services of assurance.

Mr. Pang graduated from City University of Hong Kong, with a degree of Bachelor of Business Administration (Honours) in Finance in July 2007 with First Class Honours and a degree of Master of Science in Professional Accounting and Corporate Governance in June 2022 with Distinction. He was admitted in January 2011 and is currently a member of Hong Kong Institute of Certified Public Accountants. He was admitted in September 2022 and is currently a member of the Association of Chartered Certified Accountants. He was also admitted in September 2022 and is currently an associate of The Hong Kong Chartered Governance Institute. He was elected in February 2022 and is currently a member of the Beta Gamma Sigma, the international business honour society.

ABOUT THE ESG REPORT

The Group is committed to integrating the concept of sustainable development into its strategies for development and daily operations, and publishes the Environmental, Social and Governance ("ESG") Report (the "ESG Report") on an annual basis to demonstrate the Group's approach and performance in terms of ESG management and corporate sustainable development during the Year. The information disclosed in this ESG Report was collected and collated through various channels, including the Group's internal policy documents and data, feedback on the Group's implementation of ESG measures, stakeholder surveys, and the relevant information about the Group's sustainability practices through online questionnaires.

Reporting Framework

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide"), as set out in Appendix C2 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). The information presented in this ESG Report is prepared based on the principles of materiality, quantitative, balance and consistency. Please refer to the Corporate Governance Report section of this Annual Report for more details of the Group's corporate governance practices.

Materiality:	The Group communicates with both internal and external stakeholders on their concerns and expectations to identify and determine the material ESG factors in light of the characteristics and nature of its business and operation. The application of the principle of materiality helps determine the scope of the ESG Report and is crucial for the Group to formulate an effective ESG strategy. More details can be found in the section "Materiality Assessment".
Quantitative:	The Group ensures the key performance indicators ("KPIs") are measurable and accompanied by a narrative explaining its calculation methodology and applicable assumptions. Historical KPIs results are provided for comparison.
Balance:	The Group objectively reports its ESG performance during the Year, and discloses the sustainability performance, the problems encountered and the room for improvements in a responsible and unbiased manner.
Consistency:	Unless otherwise stated, the Group adopts consistent reporting scope and methodologies in KPIs calculation with those of the previous reports to allow meaningful comparison over time. There are no changes of KPIs in this ESG Report. Explanations will be provided for any changes.

Reporting Period and Scope

This ESG Report covers environmental and social matters of the Group for the period from 1 April 2024 to 31 March 2025, which aligns with the Group's financial year. Unless specified otherwise, this ESG Report focuses on the Group's core business segment — corporate finance advisory business in Hong Kong, covering only the operation of SCL.

OVERSIGHT BY THE BOARD

The Board believes that comprehensive corporate governance and well-developed operation practices are the foundation of the Group's sustainable and long-term development. The Group is committed to conducting business in a responsible manner with integrity, and with care for its reputation, and creating sustainable value and return in the long run for its stakeholders. The Group believes that sustainability can be achieved by operating a profitable business without compromising the well-being of either society or the environment.

The Board attaches great importance to ESG. The Board acknowledges and exercises its significant responsibility over ESG matters, which includes establishing ESG-focused strategies, integrating ESG factors into decision-making processes, overseeing ESG-related risks and opportunities, and promoting transparency through robust ESG disclosures. Additionally, the Board engages with stakeholders to understand their concerns and expectations regarding the Group's ESG performance. The Board periodically reviews and adjusts its ESG strategy in response to evolving societal expectations and regulatory landscapes. By fulfilling these responsibilities, the Board enhances the Group's long-term value, builds resilience against ESG-related risks, and positions the Group as a responsible corporate citizen.

ESG Management Approach and Strategy

The Group's ESG strategy incorporates environmental, social and governance elements, striving to continuously improve the performance of the Group's operations. The Board liaises with the management on an ongoing basis in order to identify, review, evaluate, prioritise and manage material ESG-related issues and risks so as to ensure the current policies follow law and regulations as well as meet business needs and stakeholders' expectations. The involvement of external and internal stakeholders has been prioritised. An annual materiality assessment is performed to determine the priorities of the Group's business in its ESG strategy. The feedback of stakeholders is assessed and reported to the Board for internal discussions, in order to examine the topics of greatest interest to the stakeholders.

Through materiality assessment, the Group has identified certain important ESG issues like "business integrity", "privacy of client information and data protection" and "anti-corruption and anti-money laundering". As the Group engaged in financial service businesses, the Group regards upholding high level of business ethics and operation standards as the basic value of responsible operations and practices. It has also laid great emphasis on the conduct and integrity of employees, and has zero tolerance for any form of corruption or fraud. To protect clients' privacy and data, the Group has implemented relevant controls over its information systems and maintained suitable level of network security. To prevent corruption, bribery, extortion, fraud, money-laundering and other misconduct, it has formulated management measures, policies and whistleblowing mechanisms to ensure that the management and employees will not violate any laws and regulations in relation to preventing bribery, extortion, fraud and money-laundering that have a significant impact on the Group.

ESG Working Team

The ESG Working Team is comprised of members of Senior Management and other employees to actively implement the Group's sustainability policies, programmes of work and management of performance targets. It is also responsible for communicating with key stakeholders and reporting results to the Board, ensuring that the Group focuses on issues relevant to its stakeholders and the Group's business, and collecting information on the various ESG key performance indicators.

STAKEHOLDER ENGAGEMENT

The Group believes that understanding the views of its stakeholders lays a solid foundation for the long-term growth and success of the Group. The Group has developed multiple channels to communicate with internal and external stakeholders in order to understand their views on the Group's sustainability performance and future strategies.

Stakeholder Groups	Engagement channels	Possible concerned issues
Shareholders and investors	• General meetings • Regular corporate publications including financial reports • Circulars and announcements • Corporate website • Direct communication • Meetings and responses to phone and written enquiries	• Business strategies and sustainability • Financial performance • Corporate governance
Clients	• Direct communication • Emails • Complaint hotlines • Business meetings	• Service quality and reliability • Client information security • Business ethics
Employees	• Appraisals • On-the-job coaching • Trainings • Internal memorandum • Human resources manual • Exit interview • Direct communication	• Training and development • Employee remuneration • Rights and benefits • Working hours • Occupational health and safety • Equal opportunities • Sexual harassment prevention policy
Suppliers and business partners	• Business meetings • Tendering for procurement of products or services • Direct communication	• Fair competition • Fulfillment of promises
Government and other regulatory authorities	• Statutory filings and notification • Regulatory or voluntary disclosures • Response to enquiries • Direct communication	• Compliance with law and regulations • Treatment of inside information • Corporate governance
Local community	• Community activities • Donations • Direct communication	• Fair employment opportunities • Environmental issues

MATERIALITY ASSESSMENT

Apart from regular communications with stakeholders outlined in the above, the Group has also engaged an independent consultant to assist the Group in its materiality assessment process. The Group believes that the results of the materiality assessment could help it identify ESG issues material to the Group, thus it can improve its sustainability approach and strategies in a more effective way.

1. Identification

- Identified 18 relevant issues covering environmental and social issues, in reference to the local reporting standards.

2. Data Collection

- 31 valid responses were collected and analysed.

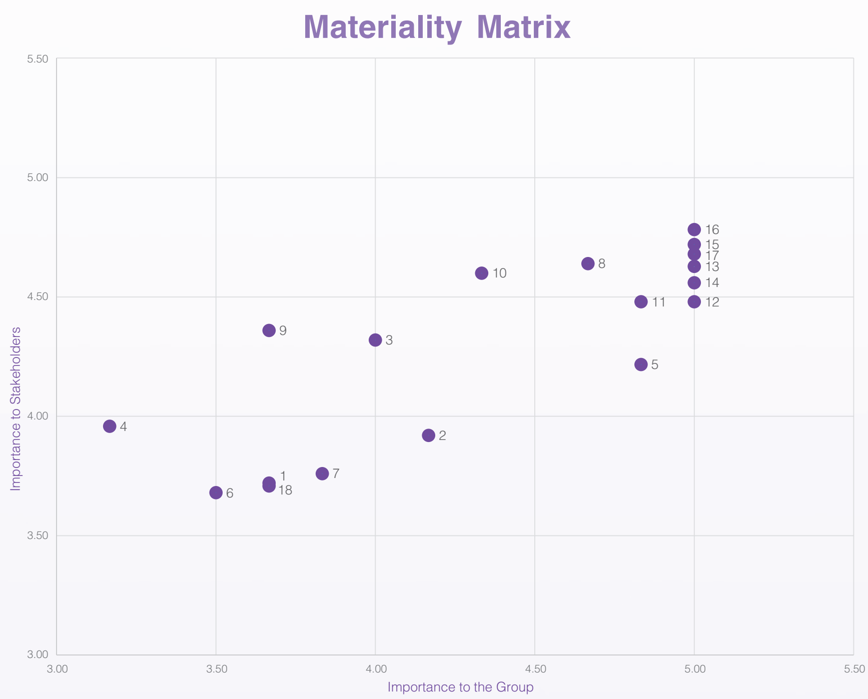
3. Prioritisation

- Based on the survey results, a materiality matrix is developed. Among the 18 relevant issues, 8 material issues were prioritised for the Group to address and report on.

4. Validation

- The result of the materiality assessment was approved by the Board.

The Group's materiality assessment process identifies a range of factors that underpin the sustainability of its business, as well as environmental, social and governance-related issues, which are relevant as follows:



No.	Related Issues
1	Greenhouse gas emissions
2	General waste management
3	Electricity consumption and efficiency
4	Water consumption and efficiency
5	Paper consumption and efficiency
6	Green investment
7	Climate change and ESG risk management
8	Fair and responsible employment practice
9	Workforce diversity
10	Equal opportunities and anti-discrimination
11	Occupational health and safety
12	Development and training
13	Service quality
14	Complaint handling
15	Privacy of client information and data protection
16	Business integrity
17	Anti-corruption and anti-money laundering
18	Community investment

In the assessment process, the Group balanced the importance attached to each issue by stakeholders and the Group and worked hard to implement the management of each relevant issue.

Issues located at the top right-hand corner of the matrix are regarded as material for the Group's sustainable development and will be focused in this ESG Report.

Subject Area	Most Material Aspects within the Subject Area	
Social — Nurturing employees	8	Fair and responsible employment practice
	11	Occupational health and safety
	12	Development and training
Social — Providing quality and reliable service	13	Service quality
	14	Complaint handling
	15	Privacy of client information and data protection
	16	Business integrity
	17	Anti-corruption and anti-money laundering

NURTURING EMPLOYEES

Employees are among the most important and valuable assets of the Group. Professional expertise and market knowledge of the staff are crucial to the continuous operation and sustainable development of the Group. The Group strives to attract and retain talents and reconciles economical imperatives with well-being, aiming at reinforcing satisfaction, loyalty and commitment to human capital.

The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives. The Group strictly complies with the applicable laws and regulations relating to the employment and the labour practices and has established the human resources policies with respect to:

- Compensation and dismissal
- Working hours
- Equal opportunities
- Anti-discrimination
- Health and safety
- Anti-money laundering
- Recruitment and promotion
- Rest periods
- Diversity
- Welfare and other benefits
- Protection of client information
- Sexual harassment prevention

Fair and Responsible Employment Practice

The Group's essential human resources policies and procedures are included in the human resources manual (the "HR Manual") which is reviewed and updated periodically. The Group discourages and disallows any behaviour that violates policies under the HR Manual. Offenders will receive a warning and the Group has the right to terminate the employment of offenders for serious violations.

Employees are remunerated at a competitive level and are rewarded according to their contribution, work performance and experience. The promotion and remuneration of employees are subject to review on an annual basis, with additional promotions considered as necessary throughout the year. The Group has adopted a five-day workweek. Employees are entitled to the group medical insurance scheme, pension funds, share option schemes, discretionary bonus and various types of paid leave (examination, paternity and maternity) in addition to annual leave and sick leave.

Child and forced labour are intolerable to the Group. To prevent child and forced labour, potential candidates shall provide identity documents for verification before employment and employees shall have reasonable freedom of movement. The Group did not notice any violation in any laws and regulations regarding preventing child and forced labour. The Group will report the case to the police or related law enforcement agencies when any violation is discovered.

During the Year, there was no non-compliance with relevant laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

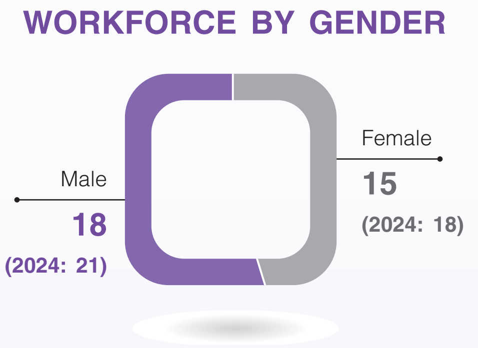
During the Year, SCL complied with the Employment Ordinance (Cap. 57), the Employee's Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and the Minimum Wage Ordinance (Cap. 608) and did not find significant violations of laws and regulations relating to employment.

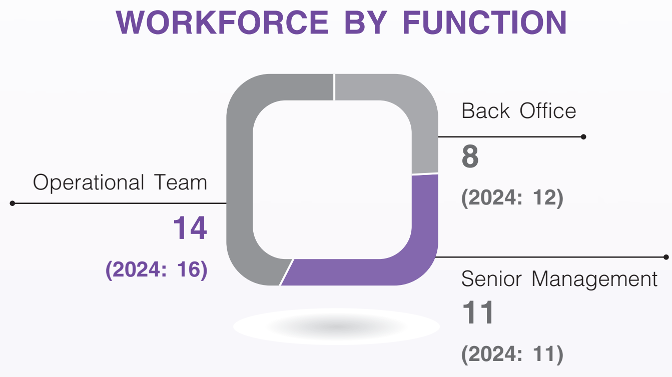
Diversity, Equal Opportunity and Anti-Discrimination

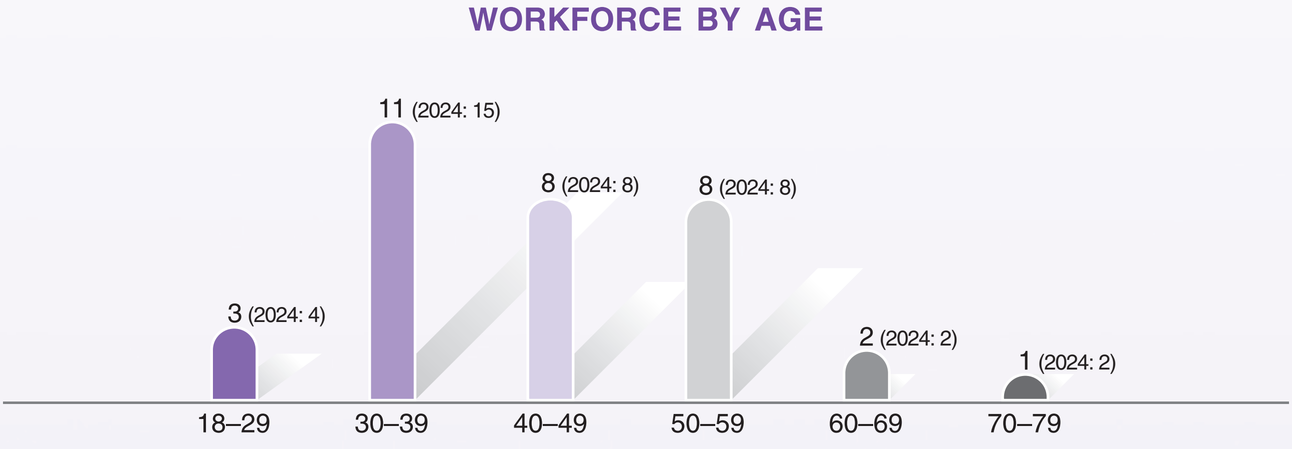
The Group believes that a diverse workforce is essential to the operations of its business and that diversity stimulates productivity, creativity and perspectives. An inclusive working environment will lead to the creation of the Company's competitive advantage.

The Group endeavours to provide a supportive working environment by treating employees fairly and equally. Gender and age equality are observed by the Group with an approximately equal ratio of males and females employed and a diverse workforce established from different age groups.

SCL had a total number of 33 (2024: 39) employees as at 31 March 2025, consisting of 18 (2024: 21) males and 15 (2024: 18) females. All of the employees worked in Hong Kong office. 31 (2024: 36) employees are full time and 2 (2024: 3) employees are part-time. The decrease in number of employees and the increase in annual turnover rates were due to (i) the retirement of one employee and (ii) the cost optimisation programme implemented since December 2024.







The following tables illustrate the annual turnover rates of SCL during the Year:

Annual Turnover Rate (%)	
2024–25	30.30%
2023–24	10.00%

Turnover by Gender (%)	Male	Female
2024–25	38.89%	20.00%
2023–24	18.18%	0%

Turnover rate by age group	2024–25	2023–24
18–29	100%	—
30–39	27.27%	12.56%
40–49	12.50%	15.10%
50–59	25.00%	—
60–69	—	—
70–79	100%	—

Turnover rate by geographical region	2024–25	2023–24
Hong Kong S.A.R.	30.30%	10.71%
Mainland China	—	—

Fair and equal employment and recruitment procedures are adopted within the Group. The recruitment process for all job vacancies involves reviewing job applications, selecting candidates for interviews, interviewing candidates and obtaining approval before giving any job offers. Recruitment is based on business needs and candidates' experiences and abilities, regardless of their gender, marital status, pregnancy, disability, age, family status, race, sexual orientation, religion and nationality. All forms of discrimination are prohibited.

The Group treats the employees with respect and fairness and encourages a culture of equal opportunity regardless of age, sex, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation, sexual orientation and other factors.

The HR Manual outlines the terms and conditions of employment, expectations for employees' conduct and behaviour, as well as employees' rights and benefits, which are in compliance with the requirements of the legislation on anti-discrimination in Hong Kong, including the Sex Discrimination Ordinance (Cap. 480), the Disability Discrimination Ordinance (Cap. 487), the Family Status Discrimination Ordinance (Cap. 527) and the Race Discrimination Ordinance (Cap. 602). All staff have the right to lodge a complaint if he or she has been subjected to any form of discrimination. Any substantiated discrimination complaints may result in disciplinary proceedings.

During the Year, there was no non-compliance with relevant laws and regulations that had a significant impact on the Group relating to equal opportunity, diversity and anti-discrimination.

The Group handles employee departure (whether by resignation or dismissal or termination) in compliance with applicable employment laws and regulations. An exit interview will be arranged with departing employees to understand the reasons for their departure and/or consider any suggestions for improvement and/or assistance.

Occupational Health and Safety

The Group is committed to providing and maintaining a safe, healthy and hygienic workplace for all employees, and all other persons likely to be affected by the Group's operations. In view of the Group's business nature, the employees work inside offices and are not exposed to significant occupational health and safety risks. Despite the low risk, providing a safe workplace and promoting the wellness of the employees are still the Group's major concerns to ensure that employees can give their best performance at work.

SCL upholds the Occupational Safety and Health Ordinance (Cap. 509) and has guidelines on occupational health and safety in place which are updated from time to time to minimise workplace risk and enhance the employees' awareness of occupational health and safety.

The Group strives to identify any actual and potential hazards and risks to each individual and work towards a safe and hygienic work environment in order to ensure that office and work environment is in line with or better than the requirements of relevant laws. As always, regular inspections and management reviews of health and safety conditions are performed by the Group to ensure the effectiveness of relevant policies and measures. The Group has a no smoking policy on its premises. The building management office arranges rescue, fire and evacuation drills to improve staff safety awareness. Employees are expected to comply with the policies and procedures, and cooperate in all safety training.

During the Year, the Group and SCL did not find any case of violation of laws and regulations in relation to the health and safety of the workplace. For the past three years including the Year, there were no work-related fatality nor lost days due to work injury occurred.

Development and Training

Improvement of employee competency is key to the Group's development. The Group believes that cultivating its highly skilled workforce and supporting employees' long-term career goals are integral to sustaining and strengthening its economic performance.

The Group is committed to providing comprehensive on-the-job coaching programs, which collectively serve as a platform to encourage employees to develop expertise and identify areas for improvement. SCL has established an employee appraisal system, which aims to help SCL and the employees (i) identifying needs, (ii) charting progress, (iii) building relationships and (iv) motivating employees.

Internal training sessions facilitated by members of Senior Management and external training specialists are held from time to time. Such sessions will usually provide a detailed explanation and discussion of technical knowledge and practical difficulties encountered by employees in recent engagements as well as the updates on regulatory framework/ industry practice. The Group encourages employees to attend internal training to develop personal skills and knowledge, and improve their core competence. During the Year, SCL held 5 internal training sessions.

The Group's employees are also encouraged to attend outside seminars and training sessions to enrich their knowledge in discharging their duties. The Group provides allowance and permission to all professional employees to attend seminars and training organised by professional bodies (e.g. Hong Kong Institute of Certified Public Accountants, The Law Society of Hong Kong and the Hong Kong Securities and Investment Institute) relevant to their duties and the Group's regulated activities and business.

Professional employees are required to comply with continuing professional training and examination requirements as stipulated in relevant regulations. The Group provides all professional employees with allowances and permission to attend seminars and training and encourages them to take examinations relevant to their professional qualifications. All professional employees in the Group are properly licensed and registered with the Securities and Futures Commission (the "SFC") in Hong Kong. During the Year, all Responsible Officers and Licensed Representatives of SCL complied with the Continuous Professional Training (CPT) requirement as stipulated by the Securities and Futures Commission.

The following figures show the employee training statistic of SCL during the Year:

EMPLOYEE TRAINING

28	206	84.85%	7.36
Total number of employees received training	Total training hours	Percentage of employees received training	Average training hours per employee

Percentage of employees received training by gender	2024–25	2023–24
Male:	**94.44%**	100%
Female:	**73.33%**	88.89%
Percentage of employees received training by function		
Senior Management:	**90.91%**	100%
Operations:	**100%**	93.75%
Back Office:	**50.00%**	83.33%
Average training hours completed per employee by gender		
Male:	**7.21 Hours**	11.17 Hours
Female:	**7.59 Hours**	6.88 Hours
Average training hours completed per employee by function		
Senior Management:	**7.55 Hours**	11.44 Hours
Operations:	**6.07 Hours**	10.58 Hours
Back Office:	**11.38 Hours**	6.00 Hours

PROVIDING QUALITY AND RELIABLE SERVICES

As one of the leading corporate financial advisory groups in Hong Kong, the Group seeks to deliver a high quality of service to its clients at all times. The Group believes that market reputation and clients' confidence in the Group's professional services are critical to its long-term success.

Service Quality and Responsibility

As a holding company of certain licensed corporations, the Group strictly complies with all relevant laws and regulations under the regulatory regime of the financial service industry, in particular, the Securities and Futures Ordinance (the "SFO") and its subsidiary legislation as well as the codes and guidelines issued by SFC.

SCL conducts the Group's corporate financial advisory business in Hong Kong and is a licenced corporation under the SFO. The professional employees of SCL are properly licensed and registered with the SFC. All Responsible Officers have extensive experience in providing corporate finance advisory services to the listed companies in Hong Kong. SCL has established the "Compliance and Internal Procedures Manual — Corporate Finance Activities" (the "Compliance Manual") to provide general guidance in which employees must conduct themselves when undertaking the business of the Group. The Compliance Manual is reviewed annually and periodic updates are made in order to reflect the prevailing regulatory practices if necessary. Employees are required to maintain a high reputation of professionalism and act in accordance with the best market practice to prevent any business misconducts.

Feedback and suggestions from clients provide an opportunity for the Group to enhance the quality of its services in a sustainable manner. SCL is committed to responding and resolving all clients' enquiries and comments promptly and with care in order to maintain and improve its reputation in the corporate finance advisory industry. SCL has established complaint handling procedures in the Compliance Manual and SCL complaints officer is required to investigate each case, work out a solution and provide a written response to the complainant promptly upon receipt of a complaint.

Since the Group is engaged in the corporate financial advisory business, no tangible products were sold or shipped to recall for safety and health reasons. Neither quality assurance process nor recall procedures are applicable to the Group and SCL. SCL has received high recognition of its services from clients. SCL did not receive any material complaints regarding the services it provided during the Year.

Privacy of Client Information and Data Protection

The Group emphasizes the importance of protecting all clients' information. Protection of client data is a key to maintaining the Group's good corporate governance and long-term mutual trust with its clients.

In compliance with the Personal Data (Privacy) Ordinance (Cap. 486), SCL collects and uses client information in a responsible and non-discriminatory manner, and restricts the use of the client information as required by the confidentiality clause included in the mandates. All employees are required to maintain strict confidentiality about the affairs of SCL. Employees are not allowed to disclose confidential information to other individuals or third parties, directly or indirectly, or exploit and use confidential information concerning SCL and its clients. Personal Information Collection Statement will be provided to all candidates pertaining to employment, which sets out the purposes of personal data collection, disclosure, retention and storage. To better protect data privacy, the Group has implemented relevant controls over its information systems. The Group has provided guidance to the related personnel on the handling and storage of data and information. Restricted access rights to folders and files are limited to respective teams only. The Group has also maintained suitable level of network security to prevent leakage of confidential information. Logs have been maintained and reviewed by designated employees.

During the Year, there have been no cases or complaints in relation to violation of relevant confidentiality laws by SCL.

SCL respects intellectual property rights and complies with relevant laws and regulations on intellectual property. Internal procedures are established for intellectual property rights protection and they are disseminated to all relevant employees. The Group stipulates that all hardware and software used for business or operational purposes shall be copyrighted and in accordance with the requirements for the protection of intellectual properties.

Business Integrity, Anti-Corruption and Anti-Money Laundering

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct business with integrity, impartiality and honesty. It is every employee's responsibility and in the interest of the Group to avoid any inappropriate behaviour or organisational malpractice that compromises the interest of the shareholders, investors, clients and the wider public. The "Code of Conduct" for employees has been established to convey to the employees the Group's requirements on integrity and ethic.

SCL strictly follows the Prevention of Bribery Ordinance (Cap. 201). In addition to the code of conduct as set out in the HR Manual, SCL has adopted the Compliance Manual that includes provisions relating to conflicts of interest, confidentiality, bribery and anti-corruption. In respect of securities ownership, SCL has established the restricted list and staff trading policy in the Compliance Manual that establish restrictions and controls for handling material non-public information and managing actual/potential conflicts of interest. All SCL employees are subject to the restrictions imposed by the restricted list and are required to strictly follow the staff trading policy.

As a financial service provider, one of the Group's social responsibilities is to prevent and detect money laundering. The Group has zero-tolerance for corruption, fraud, extortion, bribery and money laundering. The Group has established the "Policy on Anti-Money Laundering and Counter-Terrorist Financing" (the "Group AML/CFT Policy") and "Anti-Corruption Policy" that sets out the general framework for the Group to prohibit any form of corruption and combat money laundering and financing of terrorism.

SCL strictly complies with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) and section 399 of the SFO. In addition, SCL follows the Group AML/CFT Policy and has developed the "Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Somerley Capital Limited" which provides guidance to the employees on the following aspects: (i) client identity verification, (ii) client risk grading, (iii) retention of transaction records, and (iv) large amount and suspicious trading reports. The money laundering responsible officer of SCL, with the assistance of its compliance department, regularly reviews the anti-money laundering procedures to ensure that these are consistent with international and local regulatory updates.

The "Whistle-blowing Policy" (the "Whistle-blowing Policy") has been established to encourage employees and other stakeholders who have concerns about any aspect of the work to come forward and disclose suspected misconduct, illegal acts or failure to act. The Whistleblowing Policy sets out the whistle-blowing procedures, including confidential reporting channels and guidance on reporting possible improprieties in matters of financial reporting or other matters, and reassurance to employees or other stakeholders reporting their concerns under the Whistleblowing Policy of the protection that the Group will extend to them against unfair disciplinary action or victimisation for any genuine reports made. The Group also ensures that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action. A whistleblowing email with members of Audit Committee as recipients is designated for whistleblowing reporting. The Audit Committee is responsible for overseeing and reviewing the implementation of the whistleblowing system and making recommendations on investigation measures for any whistleblowing.

During the Year, the Group was not aware of any material non-compliance relating to corruption, bribery, extortion, fraud and money laundering and no legal cases regarding corrupt practices brought against the Group or its employees during the Year. In November 2023, the Group arranged an anti-corruption seminar conducted by the Independent Commission Against Corruption for its Directors and employees. During the Year, the Group circulated up-to-date news and industry information to empower them and enhance their occupational quality of probity and anti-corruption. The Group is in the process of finding and arranging appropriate resources and expects to arrange more trainings and/or seminars in relation to anti-corruption and anti-money laundering in the financial year ending 31 March 2026.

Supply Chain Management

Due to the nature of its principal business activities, the Group does not produce any physical products and therefore it does not have significant procurement. The Group's suppliers mainly include professional services providers, property management and office supplies vendors. The Group commits to conduct its business in an ethical and sustainable manner. For selection of its suppliers, the Group not only consider their capability, quality of products and services and price, but also value their performance on labour practices, environmental and social responsibilities. The Group would be aware of negative news of its current and potential suppliers, especially in environmental and social aspects, and avoids acquiring from those with poor environmental and social image. In addition, to integrate the environmental vision into the procurement of office supplies, the Group chooses suppliers who provide durable products with less packaging materials, and priority is given to those who offers environmentally friendly alternatives. The management of the Group will review the procurement process from time to time.

CONTRIBUTING TO THE COMMUNITY

The Group has been committed to corporate social responsibilities by supporting and caring for local communities where it operates and is committed to creating value for the society and environment with its professional knowledge and its impact in the industry. The Group participates in community involvement through sponsorship and donations, community volunteering, and caring for the interests of the local communities.

The Group makes both monetary and non-monetary donations to different non-profit charitable organisations in need where it understands the mission of the charity and has contacts with its management. In addition, the Group encourages its employees to participate in charitable events to support the local community.

During the Year, the Group donated HK$5,000 to Hong Kong Rehabilitation Power, focusing on advocating for job opportunities for minors with physical disabilities, long-term illnesses, mental health challenges, and hearing impairments, in order to help them integrate into society.

PROTECTING THE ENVIRONMENT

Environmental challenges such as climate change and resource depletion are contemporary problems faced by all people. As a financial service provider, the Group runs its businesses within its office premises and a direct impact on the environment is not likely to occur. Despite that, the Group attaches great importance to doing what it can towards environmental protection and is aware of the indirect environmental impact created by the office operations.

SCL strives to comply with relevant laws and regulations of the Environmental Protection Department in Hong Kong. The Group was not aware of any incidents of non-compliance with relevant laws and regulations that have a significant impact on SCL relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Due to the nature of its business, SCL's commitment to the environment focuses on the conservation of energy, reduction of paper usage and reduction of waste by recycling.

Environmental aspect	Directional target
GHG emissions	In line with the energy conservation initiatives of the Group, the intensity of GHG emissions will be maintained or progressively reduced in the short term at a similar level of operation.
Energy consumption efficiency	Pursuant to the energy conservation initiatives of the Group, the intensity of electricity consumption will be maintained or progressively reduced in the short term at a similar level of operation.
Waste reduction	Pursuant to the material conservation initiatives of the Group, the intensity of waste generation will be maintained or progressively reduced in the future at a similar level of operation.

In 2022, the Group set a target of maintaining or reducing its total GHG emissions intensity in the short term, using KPIs reported for the year ended 31 March 2022 as the baseline. Based on its actual conditions of operation, the Group has used the KPIs reported for the year ended 31 March 2025 as the new baseline and set short-term targets of maintaining KPIs for the year ending 31 March 2026 to be not more than the new baseline. The Group remains committed to exploring long-term opportunities to further reduce energy consumption, setting it as a directional long-term target to achieve the initiatives aligned with Hong Kong's Climate Action Plan 2050. By integrating innovative technologies and proactive building management, the Group actively works to minimise GHG emissions and improve energy efficiency to meet its reduction goals.

Emissions

Since SCL's business does not involve any manufacturing process and it does not own any vehicles, no gaseous fuel consumption or air emission (Sulphur Oxides, Nitrogen Oxides and Particulate Matter) was directly produced by SCL during the Year.

SCL's main carbon footprint is the greenhouse gas emission from indirect emissions including the use of electricity, such as lighting systems, air-conditioning, computers, printers and other office equipment, business travel and paper consumption in the office. To minimise the need for air travel and increase the quality of video conferencing, the Group has installed high-quality video equipment in its main conference room. SCL does not engage in any discharges of wastes into water or land or generate a significant amount of hazardous wastes.

During the Year, SCL has estimated that 48.46 tonnes (2023–24: 64.11 tonnes) of carbon dioxide equivalent ("CO_2e") greenhouse gases ("GHG", mainly carbon dioxide, methane and nitrous oxide) were indirectly emitted as a result of SCL's operations. The decrease was attributable to the Group's effort in energy saving and resource efficiency measures.

Greenhouse Gas Emission Sources	GHG Emission (in tonnes CO_2e) 2024–25	2023–24	Benchmark 2021–22
Scope 1 — Direct Emission	**—**	—	—
Scope 2 — Energy Indirect Emission			
Purchased Electricity	**40.87**	55.02	57.61
Scope 3 — Other Indirect Emission			
Paper Consumption	**5.09**	6.48	7.8
Air Travel	**2.49**	2.61	N/A
Total	**48.46**	64.11	65.41
Intensity (kg per employee)	**1,345.98**	1,602.45	1,575.60
Intensity (kg per sq.ft.)	**5.32**	7.04	7.18

Notes: (i) The weighted average number of employees during the Year was 36 (2023–24: 40.01, 2021–22: 41.51) and the office area is 9,106 square feet.

(ii) Unless otherwise stated, the calculation methodology refer to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

(iii) The emission factor for Scope 2 emissions adopted from the latest sustainability reports of the local power companies.

(iv) Scope 3 emission from air travel became material in 2023–24 and was disclosed accordingly.

Energy Usage

The Group's electricity consumption mainly comes from office equipment and lighting for daily operations. SCL is committed to minimising energy usage.

The Group sets a short-term target to achieve a steady, year-on-year reduction in energy consumption by maintaining KPIs for the year ending 31 March 2026 to be not more than the 2024–25 baseline. We will continue to assess the evolving environment, formulate long-term plans, and set long-term targets for future sustainable development.

SCL also endeavours to reduce its carbon footprint and maintains a sustainable utilisation of resources by employing various initiatives and measures in its day-to-day operations to achieve its target of reducing energy usage, such as:

- Dividing the office area into different light zones;

- Replacing energy-intensive lights with light-emitting diodes;
- Replacing the computer storage with solid state drive;
- Procuring more energy efficient appliances, such as appliances with higher energy label ratings; and
- Turning off lights and electrical appliances that are not in use.

The following table illustrates the energy consumption and intensity of SCL during the Year:

	2024–25	2023–24	**Benchmark** 2021–22
Electricity			
Consumption (kWh)	**68,120**	77,489	81,136
Intensity (kWh per employee)	**1,892.22**	1,936.96	1,954.61
Intensity (kWh per sq.ft.)	**7.48**	8.51	8.91

Note: The weighted average number of employees during the Year was 36 (2023–24: 40.01, 2021–22: 41.51) and the office area is 9,106 square feet.

Paper Reduction and Other Waste Treatment

Paper production is one of the most energy-intensive and polluting industries, voluminous paper consumption can also lead to deforestation and hence negative impact on the environment. Paper is one of the major resources consumed and the source of waste generated by the Group. With the aim of minimising the impact of its business operations on the environment, SCL has implemented various measures that minimise paper usage at the office.

The Group sets a short-term target to achieve a steady, year-on-year reduction in paper and waste reduction by maintaining KPIs for the year ending 31 March 2026 to be not more than the 2024–25 baseline. We will continue to assess the evolving environment, formulate long-term plans, and set long-term targets for future sustainable development.

SCL strives to use paper in the most efficient way and make it convenient for employees and clients to do so. During the Year, SCL has been committed to the following paper and waste reduction initiatives to achieve its target:

- Promoting paperless office, reducing printing and disseminating information by email;
- Introducing eco printing modes for employees and encouraging them to make doubled-sided copies when possible;
- Encouraging employees to use electronic communications for directories, forms, reports and storage when possible; and
- Providing waste paper recycling bins to collect single-sided printing paper (non-confidential documents) and envelopes reuse.

The following table illustrates the paper consumption and intensity of SCL during the Year:

	2024–25	2023–24	**Benchmark** 2021–22
Paper			
Consumption (tonnes)	**1.06**	1.35	1.62
Intensity (kg per employee)	**29.45**	33.74	39.15

Note: The weighted average number of employees during the Year was 36 (2023–24: 40.01, 2021–22: 41.51).

As the Group is involved in the provision of financial services, the Group does not generate any hazardous waste. The waste produced by SCL's operations is mainly the non-hazardous waste from the office, including paper, plastic, glass, and kitchen waste. SCL has implemented certain waste reduction measures to achieve its target, such as:

- Organising and maintaining the garbage and recycled waste holding areas;
- Placing appropriate signage on walls and bins stating what type of waste or recyclable should be placed in the bin;
- Ordering toner cartridges and paper prudently to avoid overstock and collecting all used toner and ink-jet cartridges for recycling; and
- Sorting recycled waste into appropriate receptacles and informing employees on sorting methods if needed.

The following table illustrates the waste generated by SCL and its intensity during the Year:

	2024–25	2023–24	**Benchmark** 2021–22
Paper Waste (tonnes)	**1.06**	1.35	1.62
Other Unrecyclable Waste (tonnes)	**0.52**	0.52	0.51
Total Non-hazardous Waste	**1.58**	1.87	2.13
Intensity (kg per employee)	**43.90**	46.79	51.43
Intensity (kg per sq.ft.)	**0.17**	0.21	0.23

Note: The weighted average number of employees during the Year was 36 (2023–24: 40.01, 2021–22: 41.51) and the office area is 9,106 square feet.

Water Conservation and Use of Packaging Materials

The Group's main source of water usage comes from freshwater consumption and toilet flushing. The Group is committed to managing water usage across the office. The Group's business does not involve high water consumption and its principal office operates in leased premises for which both the water supply and discharge are solely controlled by the building management of the leased premises. Therefore, the Group has no issue in sourcing water and details of water withdrawal and discharge data are not available for disclosure. Nevertheless, the Group understands that the amount of wastewater is closely related to the amount of freshwater consumption. The Group strives to reduce water consumption during operations and improve the efficiency of water use. The Group has implemented the following measures to reduce water consumption during operations and to improve employees' awareness of water conservation:

- Posting "Water Conservation" notices in offices to promote water conservation;
- Subscribing the annual maintenance of the water equipment to keep the efficiency;
- Educating employees on water conservation; and
- Repairing dripping water faucets immediately.

In addition, due to the nature of the Group's businesses, the Group does not have physical products for sale and therefore no use of packaging materials is involved. Disclosure on this report is not applicable to the Group.

Climate Change

Climate change is one of the greatest threats to the planet. Though the Group is engaged in financial services business which does not involve any manufacturing or production, it has fully realised that climate changes may impose a potential impact on its business. The Group has established an ESG Policy which requires the Group to consider the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosure and has identified the climate-related risks relating to the businesses and operations of the Group and categorised them into (1) physical risks and (2) transition risks.

Physical risks

The Group is aware that climate change can result in extreme weather conditions such as earthquakes, flooding and typhoon, affecting the ecosystem. In the long term, the incremental change in the climate cumulatively builds up and may have an impact on the Group. It may include temperature changes and rising sea levels. To an extent, the Group relies on the infrastructure including water, electricity, transportation and the internet which are vulnerable to climate hazards and the safety of employees in commuting to and from the workplace is threatened. The Group strives to reduce its carbon footprint from indirect emissions including the use of electricity and paper consumption in the office by implementing the relevant measures as disclosed above.

Short term disruption of the business operation may occur as a result of extreme weather conditions and affect the Group's relationships with stakeholders. As Hong Kong's climate is sub-tropical, the significant climate-related issues the Group has identified and faced are typhoons and heavy rainstorms. The Group's HR Manual outlines the detailed procedures to approach typhoon signals and rainstorm warnings to protect the personal safety of the employees and the safety of the property of the Group.

As the Group's operations are principally office-based, the effect on the productivity of its employees would not be significant unless the extreme weather continues for a long period. The Group has implemented the work-from-home arrangement and empowered the employees with advanced information technology equipment to mitigate any adverse effects. In addition, the Group has consistently implemented dual data centre solutions for business continuity. In case the data in the office or data centre is damaged or the information technology equipment is malfunctioning due to extreme weather conditions, the Group retains the latest backup and is able to resume the business operation.

Transition risks

Emerging environmental, social and governance standards such as emission reduction targets and enhanced reporting requirements may increase the Group's operating costs and compliance risk. The increase in operating costs comes from such as purchasing more environmentally friendly products and services, the cost of introducing ESG and climate risk management procedures and extra staff costs in reporting and implementation of ESG related initiatives. The increase in compliance risk includes enhanced reporting requirements, the increase in business complexity to comply with newly introduced environmental, human resource, and other ESG related laws and regulations and loss in reputation if the Group fails to handle ESG related incidents properly.

SUSTAINABILITY

The Group understands the importance of achieving economic, environmental and social sustainability. Sustainability guidelines lay out the Group's principles and actions for managing and performing ethically and sustainably, throughout its operational flow. The Group will continue to deliver safe and quality services without endangering the environment. The Group will also continue to contribute to the community through charitable and other activities.

COMMENTS AND FEEDBACK

The progress of the Group depends in part on stakeholders' valuable comments. For any doubts about or advice as regards this ESG Report, please forward your comments and suggestions to somerley@somerley.com.hk.

Crowe

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Crowe (HK) CPA Limited
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9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF SOMERLEY CAPITAL HOLDINGS LIMITED
新百利融資控股有限公司
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Somerley Capital Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 68 to 127, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Impairment assessment on trade receivables

Refer to note 21 to the consolidated financial statements and the accounting policies on pages 108 to 110.

The key audit matter	How the matter was addressed in our audit
The Group had trade receivables amounted to approximately HK$8,074,000, net of accumulated credit losses of HK$4,393,000 as at 31 March 2025. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of impairment based on information including ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment. We focused on this area as the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's forward-looking expected credit losses model on impairment assessment of trade receivables. We discussed with the management on the basis of, the segmentation of trade receivables based on their risk profile; on sample basis, assessed whether items in the trade receivables ageing report were classified within the appropriate ageing category by comparing individual items in the report with relevant invoices; tested the reasonableness of the historical default data and evaluated whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and tested the subsequent settlements of trade receivables as at 31 March 2025.

Valuation of intangible asset

Refer to note 17 to the consolidated financial statements and the accounting policies on page 105.

The key audit matter	How the matter was addressed in our audit
We identified the impairment assessment of intangible asset relating to asset management service segment as a key audit matter as the Group's management exercised significant judgement on the impairment testing, which required the estimation of key assumptions to determine the recoverable amount.	In order to address this matter in our audit, we obtained assessment prepared by the management with the assistance of a valuer. We understood the process over the impairment assessment of intangible asset. We evaluated appropriateness of the valuation technique and reasonableness of the key assumptions as details in note 17 in assessing the fair value less costs of disposal by the management with the assistance of an independent valuation specialist. We also evaluated the competency and capabilities of the independent external valuer taking into account of his experience and qualifications.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHIU Lung Sang.

Crowe (HK) CPA Limited
Certified Public Accountants
CHIU Lung Sang
Practising Certificate Number: P08091
Hong Kong

20 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Revenue	6	**51,596**	67,374
Investment income	7	**1,871**	3,013
Other income and gain, net	7	**823**	90
Employee benefits costs		**(49,418)**	(53,357)
Depreciation		**(6,619)**	(7,893)
Share of losses of associates		**—**	(13)
Finance costs on lease liabilities		**(1,036)**	(298)
Impairment loss recognised in respect of intangible asset	17	**(100)**	—
Impairment loss recognised in respect of trade receivables	21	**(2,263)**	(1,877)
Other operating expenses		**(8,708)**	(10,619)
Loss before tax	8	**(13,854)**	(3,580)
Income tax credit (expense)	9	**15**	(33)
Loss for the year		**(13,839)**	(3,613)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(3)**	(19)
Total comprehensive loss for the year		**(13,842)**	(3,632)
Loss for the year attributable to:			
Owners of the Company		**(13,809)**	(3,543)
Non-controlling interests		**(30)**	(70)
		(13,839)	(3,613)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(13,812)**	(3,562)
Non-controlling interests		**(30)**	(70)
		(13,842)	(3,632)
Loss per share			
— basic and diluted (HK cents)	13	**(9.41)**	(2.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Non-current assets			
Property and equipment	14	**1,112**	1,607
Right-of-use assets	15	**11,818**	2,816
Goodwill	16	**—**	—
Intangible asset	17	**1,200**	1,300
Interests in associates	18	**—**	—
Rental deposits	21	**1,817**	223
Deferred tax assets	19	**81**	92
		16,028	6,038
Current assets			
Trade receivables	21	**8,074**	11,593
Prepayments, deposits and other receivables	21	**3,467**	6,636
Financial assets at fair value through profit or loss	22	**523**	2,690
Amount due from ultimate holding company	29(b)	**1,313**	438
Tax recoverable		**66**	3
Cash and cash equivalents	20	**51,624**	60,163
		65,067	81,523
Current liabilities			
Contract liability	23	**399**	557
Other payables and accruals	24	**2,691**	2,231
Lease liabilities	15	**5,471**	2,519
Provision for reinstatement cost	26	**—**	2,300
Tax payable		**—**	35
		8,561	7,642
Net current assets		**56,506**	73,881
Total assets less current liabilities		**72,534**	79,919
Non-current liabilities			
Lease liabilities	15	**6,784**	578
Provision for long service payment	25	**716**	610
Provision for reinstatement cost	26	**2,300**	—
Deferred tax liabilities	19	**197**	214
		9,997	1,402
Net assets		**62,537**	78,517

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Capital and reserves			
Share capital	*28*	**1,468**	1,455
Treasury shares		**(11)**	—
Reserves		**61,024**	76,988
Equity attributable to owners of the Company		**62,481**	78,443
Non-controlling interests		**56**	74
Total equity		**62,537**	78,517

The consolidated financial statements on pages 68 to 127 were approved and authorised for issued by the board of directors on 20 June 2025 and are signed on its behalf by:

SABINE Martin Nevil **CHOW Wai Hung Kenneth**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to the owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Treasury shares 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	1,434	46,633	(73)	21,193	4,179	1,555	19	9,900	84,840	125	84,965
Loss for the year	—	—	—	(3,543)	—	—	—	—	(3,543)	(70)	(3,613)
Other comprehensive loss											
Exchange differences arising on translation of financial statements of foreign operation	—	—	—	—	—	—	(19)	—	(19)	—	(19)
Total comprehensive loss for the year	—	—	—	(3,543)	—	—	(19)	—	(3,562)	(70)	(3,632)
Issue of shares upon exercise of share options *(note 34)*	23	1,070	—	—	—	(881)	—	—	212	—	212
Dividends recognised as distribution	—	(3,580)	—	—	—	—	—	—	(3,580)	—	(3,580)
Change in ownership interest in a subsidiary that does not result in change of control	—	—	—	(19)	—	—	—	—	(19)	19	—
Recognition of equity-settled share-based payments *(note 34)*	—	—	—	—	—	650	—	—	650	—	650
Repurchase and cancellation of ordinary shares *(note 28(iii))*	(2)	(169)	73	—	—	—	—	—	(98)	—	(98)
At 31 March 2024	1,455	43,954	—	17,631	4,179	1,324	—	9,900	78,443	74	78,517
At 1 April 2024	**1,455**	**43,954**	**—**	**17,631**	**4,179**	**1,324**	**—**	**9,900**	**78,443**	**74**	**78,517**
Loss for the year	**—**	**—**	**—**	**(13,809)**	**—**	**—**	**—**	**—**	**(13,809)**	**(30)**	**(13,839)**
Other comprehensive loss											
Exchange differences arising on translation of financial statements of foreign operation	**—**	**—**	**—**	**—**	**—**	**—**	**(3)**	**—**	**(3)**	**—**	**(3)**
Total comprehensive loss for the year	**—**	**—**	**—**	**(13,809)**	**—**	**—**	**(3)**	**—**	**(13,812)**	**(30)**	**(13,842)**
Issue of shares upon exercise of share options *(note 34)*	**18**	**817**	**—**	**—**	**—**	**(674)**	**—**	**—**	**161**	**—**	**161**
Dividends recognised as distribution	**—**	**(3,679)**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,679)**	**—**	**(3,679)**
Change in ownership interest in a subsidiary that does not result in change of control	**—**	**—**	**—**	**(12)**	**—**	**—**	**—**	**—**	**(12)**	**12**	**—**
Recognition of equity-settled share-based payments *(note 34)*	**—**	**—**	**—**	**—**	**—**	**1,635**	**—**	**—**	**1,635**	**—**	**1,635**
Lapse of share options *(note 34)*	**—**	**—**	**—**	**153**	**—**	**(153)**	**—**	**—**	**—**	**—**	**—**
Repurchase and cancellation of ordinary shares *(note 28(iv))*	**(5)**	**(239)**	**(11)**	**—**	**—**	**—**	**—**	**—**	**(255)**	**—**	**(255)**
At 31 March 2025	**1,468**	**40,853**	**(11)**	**3,963**	**4,179**	**2,132**	**(3)**	**9,900**	**62,481**	**56**	**62,537**

Note: Other reserve represented the difference between the nominal amount of the share capital of Somerley Capital Limited ("SCL") 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
Loss before tax	(13,854)	(3,580)
Adjustments for:		
Finance costs on lease liabilities	1,036	298
Equity-settled share-based payment expenses	1,635	650
Share of losses of associates	—	13
Loss on deemed disposal of an associate	—	797
Depreciation of property and equipment	555	760
Depreciation of right-of-use assets	6,064	7,133
Interest income	(1,508)	(1,828)
Dividend income	(64)	(14)
Impairment loss recognised in respect of trade receivables	2,263	1,877
Impairment loss recognised in respect of intangible asset	100	—
Fair value gain on derivative financial instrument	—	(1,012)
Fair value gain on financial assets at fair value through profit or loss	(299)	(159)
Operating cash flow before movements in working capital	(4,072)	4,935
Decrease (increase) in trade receivables	1,605	(1,428)
Decrease in prepayments, deposits and other receivables	1,536	1,994
(Decrease) increase in contract liability	(158)	369
Decrease (increase) in financial assets at fair value through profit or loss	2,117	(894)
Increase (decrease) in other payables and accruals	460	(24)
Increase in provision for long service payment	106	343
Increase in amount due from ultimate holding company	(875)	(438)
Cash generated from operations	719	4,857
Hong Kong profits tax (paid) refunded	(89)	353
NET CASH GENERATED FROM OPERATING ACTIVITIES	630	5,210
INVESTING ACTIVITIES		
Purchases of property and equipment	(59)	(275)
Advance to an associate	—	(57)
Investment in an associate	—	(917)
Interests received	1,547	1,835
Dividends received	64	14
Proceeds from disposal of financial assets at fair value through profit or loss	—	1,786
NET CASH GENERATED FROM INVESTING ACTIVITIES	1,552	2,386
FINANCING ACTIVITIES		
Proceeds from issuance of shares	161	212
Payments for repurchase of shares	(255)	(98)
Repayment of principal element of lease liabilities	(5,908)	(7,190)
Interest paid in respect of lease liabilities	(1,036)	(298)
Dividend paid	(3,679)	(3,580)
NET CASH USED IN FINANCING ACTIVITIES	(10,717)	(10,954)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,535)	(3,358)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF YEAR	60,163	63,540
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4)	(19)
CASH AND CASH EQUIVALENT AT THE END OF YEAR, represented by bank balances and cash	51,624	60,163

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 disclosed in the corporate information section to the annual report.

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. Particulars of the subsidiaries are set out in note 36.

These 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. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Company's financial year beginning on 1 April 2024:

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

The application of the amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs issued but not yet effective

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

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]
HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments mentioned below, the directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements and consequential amendments to other HKFRSs

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements ("HKAS 1"). It carries forward many requirements from HKAS 1 unchanged. HKFRS 18 brings major changes to the consolidated statement of profit or loss and other comprehensive income and notes to the consolidated financial statements as follows:

(a) ***HKFRS 18 requires an entity:***

(i) to classify income and expenses into operating, investing and financing categories in the consolidated statement of profit or loss and other comprehensive income, plus income taxes and discontinued operations;

(ii) to present two new defined subtotals, namely, operating profit or loss and profit or loss before financing and income taxes.

(b) It requires an entity to disclose management-defined performance measures ("MPM") and reconciliations between MPM and subtotals listed in HKFRS 18 or totals or subtotals required by HKFRSs.

(c) It sets out requirements to help an entity determine whether information about items should be in the primary financial statements or in the notes and provides principles for determining the level of detail needed for the information.

HKFRS 18 also set out classification requirements for foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs") (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements and consequential amendments to other HKFRSs (Continued)

In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 Basis of Preparation of Financial Statements and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18 and consequential amendments to other HKFRSs are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of comprehensive income and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating unit (the "CGU") (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit (or groups of CGU) may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on property and equipment, right-of-use assets and intangible assets other than goodwill below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain and loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's interest in an associate is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in associate is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associate are recognised in profit or loss and other comprehensive income after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which is determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Income from provision of corporate finance advisory services

Financial advisory, independent financial advisory, compliance advisory and other fee income are recognised over time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties.

For other advisory contracts in which the Group does not has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract, revenue is recognised at a point in time when the services for the transactions are completed under the terms of each engagement and the revenue can be measured reliably, as only at that time the Group has a present right to payment from the customers for the service performed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition (Continued)

Income from provision of corporate finance advisory services (Continued)

For the Group's fee income from acting as advisers, the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Hence, revenue is recognised over time. Invoices are issued upon completion.

The Group recognises the revenue from asset management services over time as the service is provided. Fees for asset management services are calculated based on a fixed rate of the value of funds managed.

For the contracts that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group's performance obligations are satisfied over time. The Group is entitled to an amount that at least compensates the Group for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Group's failure to perform as promised. Invoices are issued when stated milestones in the contract are reached.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- Financial advisory and independent financial advisory fee income
- Compliance advisory fee income
- Asset management fee income

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets which the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 “Provision, Contingent Liabilities and Contingent Assets”. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment loss. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date, the Group recognises and measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value through profit or loss are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Borrowing costs

Borrowing costs directly attributable to the construction in progress, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit plan obligations

The Group has a defined benefit plan, representing long service payment ("LSP") under the Hong Kong Employment Ordinance. The Group's net defined benefit obligation in respect of LSP is recognised in the consolidated statement of financial position. The Group's net defined benefit obligation is measured by discounting the estimated cost to the Group of the benefit that employees have earned in return for their service in the current and prior periods, after deducting the negative service cost arising from the accrued benefits derived from the Group's Mandatory Provident Fund ("MPF") contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method, with actuarial valuation being carried out at the end of each reporting period. In determining the present value of its defined benefit obligation and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group shall attribute benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Cash and cash equivalents

Cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash as defined above.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost plus additional capital contribution, less any identified impairment loss, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from contracts with customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial asset measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Investment income" line item (note 7).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 31.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is designated and effective hedging instrument).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

<u>Significant increase in credit risk</u>

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement

When measuring fair value, except for the Group's share-based payment transactions, leasing transactions and value-in-use asset for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occurs between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Impairment loss on property and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment loss on property and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Judgments in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgment by the directors in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers.

For certain of the Group's fee income from acting as financial adviser and fee income from independent financial adviser, the directors of the Company have determined that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over service period and revenue is recognised over time.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key source of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past due statuses as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. At 31 March 2025, the carrying amount of trade receivables is approximately HK$8,074,000 (2024: HK$11,593,000), net of accumulated impairment losses of HK$4,393,000 (2024: HK$2,947,000).

Impairment of intangible assets

The Group assesses whether there are any impairment on an intangible asset at the end of each reporting period. When assessing impairment, the Group considers the recoverable amount which involve significant judgement based on fair value less cost of disposal. Where the fair value is less than expected a material impairment may arise. As at 31 March 2025, the carrying amount of intangible asset is HK$1,200,000 (2024: HK$1,300,000), net of accumulated impairment loss of HK$7,800,000 (2024: HK$7,700,000).

Estimated impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amount including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset including right-of-use assets, the Group estimates the recoverable amount of the CGU to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the value in use amount calculated in the impairment test. As at 31 March 2025, the carrying amounts of property and equipment and right-of-use assets are approximately HK$1,112,000 (2024: HK$1,607,000) and HK$11,818,000 (2024: HK$2,816,000) respectively. No impairment has been recognised during the year ended 31 March 2025 (2024: nil).

Provision for long service payment

The Group's provision for long service payment is determined with reference to statutory requirements, the employees' remuneration, their years of service and age profile, and demographic assumptions including: pre-retirement termination, involuntary termination, early retirement, normal retirement, death and disability rate. The basis of estimation is reviewed on an on-going basis and revised where appropriate. Any changes to these assumptions will impact the carrying amount of provision for long service payment and the results and financial position of the Group. As at 31 March 2025, the carrying amount of long service payment obligation is approximately HK$716,000 (2024: HK$610,000).

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.

During the years ended 31 March 2025 and 2024, the directors of the Company have organised the Group into different segments by types of services provided.

Specifically, the Group's reportable segments are as follows:

1. Corporate finance advisory service

2. Asset management service

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

	For the year ended 31 March 2025			For the year ended 31 March 2024		
	Corporate finance advisory service HK$'000	**Asset management service HK$'000**	**Total HK$'000**	Corporate finance advisory service HK$'000	Asset management service HK$'000	Total HK$'000
Segment revenue	**51,596**	**—**	**51,596**	67,374	—	67,374
Segment loss	**(10,688)**	**(1,945)**	**(12,633)**	(1,658)	(1,132)	(2,790)
Investment income			**1,871**			2,481
Share of losses of associates			**—**			(13)
Corporate and other unallocated expenses			**(3,092)**			(3,258)
Loss before tax			**(13,854)**			(3,580)

The account policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss from each segment without allocation of share of results of associates, certain interest income 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.

5. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2025	Corporate finance advisory service HK$'000	Asset management service HK$'000	Corporate HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:				
Depreciation of property and equipment	514	—	41	555
Depreciation of right-of-use assets	4,781	249	1,034	6,064
Impairment loss recognised in respect of intangible asset	—	100	—	100
Impairment loss recognised in respect of trade receivables	2,263	—	—	2,263
Interest income	—	—	1,508	1,508

For the year ended 31 March 2024	Corporate finance advisory service HK$'000	Asset management service HK$'000	Corporate HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss:				
Depreciation of property and equipment	744	5	11	760
Depreciation of right-of-use assets	6,486	211	436	7,133
Impairment loss recognised in respect of trade receivables	1,877	—	—	1,877
Interest income	530	2	1,296	1,828

Geographical information

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

Information about major customers

No customer accounted for 10% or more of the Group's revenue for the years ended 31 March 2025 and 2024.

6. REVENUE

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

	2025 HK$'000	2024 HK$'000
Corporate finance advisory fee income		
— from acting as financial adviser	**14,842**	20,340
— from acting as independent financial adviser	**18,853**	22,634
— from acting as compliance adviser	**17,313**	24,230
— others	**588**	170
	51,596	67,374

Disaggregation of revenue by timing of recognition:

	2025 HK$'000	2024 HK$'000
Timing of revenue recognition		
Over time	**49,772**	62,802
At a point in time (fee income from acting as financial adviser)	**1,824**	4,572
	51,596	67,374

Transaction price allocated to the remaining performance obligations

As at 31 March 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$16,038,000 (2024: HK$18,680,000). The amount represents revenue expected to be recognised in the future from corporate finance advisory services as follows:

	2025 HK$'000	2024 HK$'000
Remaining performance obligations expected to be satisfied:		
from 1 April 2024 to 31 March 2025	**—**	17,365
from 1 April 2025 to 31 March 2026	**14,145**	1,275
from 1 April 2026 to 31 March 2027	**1,810**	40
from 1 April 2027 to 31 March 2028	**83**	—
	16,038	18,680

The above amounts do not include variable consideration which is constrained.

7. INVESTMENT INCOME AND OTHER INCOME AND GAIN, NET

	2025 HK$'000	2024 HK$'000
Investment income		
Interest income	1,508	1,828
Dividends from financial assets at fair value through profit or loss	64	14
Fair value gain on derivative financial instrument	—	1,012
Fair value gain on financial assets at fair value through profit or loss	299	159
	1,871	3,013

	2025 HK$'000	2024 HK$'000
Other income and gain, net		
Management fee income from ultimate holding company	135	180
Office sharing income and reimbursement of other premises expenses from ultimate holding company	742	773
Exchange loss, net	(54)	(66)
Loss on deemed disposal of an associate	—	(797)
	823	90

8. LOSS BEFORE TAX

	2025 HK$'000	2024 HK$'000
Loss before tax has been arrived at after charging:		
Directors' emoluments *(note 10)*	12,514	11,100
Other employee's emoluments		
Salaries, allowances and benefits in kind	32,731	36,457
Discretionary bonuses	1,430	3,773
Contributions to retirement benefits scheme *(note 27)*	1,095	1,082
Provision for long service payment *(note 25)*	222	343
Equity-settled share-based payment expenses	1,426	602
Total employee benefits costs	49,418	53,357
Auditor's remuneration	450	481
Depreciation for property and equipment	555	760
Depreciation for right-of-use assets	6,064	7,133
Impairment loss recognised in respect of intangible asset	100	—
Impairment loss recognised in respect of trade receivables	2,263	1,877

9. INCOME TAX (CREDIT) EXPENSE

	2025 **HK$'000**	2024 HK$'000
Current income tax:		
Hong Kong	**—**	65
Over provision in prior years:		
Hong Kong	**(4)**	(23)
People's Republic of China	**(5)**	—
Deferred taxation *(note 19)*	**(6)**	(9)
	(15)	33

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%. For the year ended 31 March 2024, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. No provision for Hong Kong Profits tax has been made for the year ended 31 March 2025 as the Group did not generate any assessable profits arising in Hong Kong.

Under the Law of the People's Republic of China ("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 years ended 31 March 2025 and 2024 as the Group's subsidiary established in the PRC had no assessable profits arising in the PRC.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 **HK$'000**	2024 HK$'000
Loss before tax	**(13,854)**	(3,580)
Tax at domestic income tax rate of 16.5% (2024: 16.5%)	**(2,286)**	(591)
Tax effect of expenses not deductible	**284**	285
Tax effect of income not taxable for tax purpose	**(259)**	(482)
Over provision in respect of prior years	**(9)**	(23)
Tax effect of tax loss not recognised	**1,953**	608
Tax effect of deductible temporary difference not recognised	**302**	300
Tax effect of two tier profits tax rates regime	**—**	(64)
Income tax (credit) expense	**(15)**	33

9. INCOME TAX (CREDIT) EXPENSE (Continued)

At the end of the reporting period, the Group has estimated tax losses of approximately HK$38,814,000 (2024: HK$27,300,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised due to the unpredictability of future profit streams. As at 31 March 2025, the unrecognised tax losses of approximately HK$28,000 (2024: HK$9,000) will expire within five years and the remaining tax losses may be carried forward indefinitely.

Details for deferred taxation are set out in note 19.

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company during the years ended 31 March 2025 and 2024 were as follows:

	2025 HK$'000	2024 HK$'000
Fees	696	720
Other emoluments:		
Salaries and allowances	11,336	10,296
Discretionary bonuses	217	—
Equity-settled share-based payment expenses	209	48
Contributions to retirement benefits scheme *(note 27)*	56	36
	11,818	10,380
	12,514	11,100

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Equity-settled share-based payment expenses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2025						
Executive directors						
Mr. SABINE Martin Nevil	—	3,424	40	—	—	3,464
Mr. CHOW Wai Hung Kenneth	—	2,920	50	141	18	3,129
Mr. CHEUNG Tei Sing Jamie	—	2,920	—	—	18	2,938
Ms. LEUNG Lim Ng Jenny (appointed on 10 September 2024)	—	1,019	—	34	10	1,063
Mr. WONG C-Tsun (appointed on 10 September 2024)	—	1,053	127	34	10	1,224
Independent non-executive directors						
Mr. CHENG Yuk Wo	232	—	—	—	—	232
Mr. LAW Cheuk Kin Stephen	232	—	—	—	—	232
Mr. YUEN Kam Tim Francis	232	—	—	—	—	232
	696	11,336	217	209	56	12,514

10. DIRECTORS' EMOLUMENTS (Continued)

	Fees HK$'000	Salaries and allowances HK$'000	Equity-settled share-based payment expenses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2024					
Executive directors					
Mr. SABINE Martin Nevil	—	3,936	—	—	3,936
Mr. CHOW Wai Hung Kenneth	—	3,180	48	18	3,246
Mr. CHEUNG Tei Sing Jamie	—	3,180	—	18	3,198
Independent non-executive directors					
Mr. CHENG Yuk Wo	240	—	—	—	240
Mr. LAW Cheuk Kin Stephen	240	—	—	—	240
Mr. YUEN Kam Tim Francis	240	—	—	—	240
	720	10,296	48	36	11,100

Notes:

(i) No director waived or agreed to waive any emoluments paid by the Group during the years ended 31 March 2025 and 2024.

(ii) No emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office in any of the years ended 31 March 2025 and 2024.

(iii) The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and the Group.

(iv) The independent non-executive directors' emoluments were for their services as directors of the Company.

11. EMPLOYEES EMOLUMENTS

The five individuals with the highest emoluments in the Group include five (2024: three) directors of the Company whose emoluments are included in note 10 above for the year ended 31 March 2025. The emoluments of the remaining two individuals for the year ended 31 March 2024 were as follows:

	2025 HK$'000	2024 HK$'000
Salaries, allowances, and other benefits	**—**	4,080
Discretionary bonuses	**—**	493
Contributions to retirement benefits scheme	**—**	36
	—	4,609

11. EMPLOYEES EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	2025 Number of employees	2024 Number of employees
HK$2,000,001 to HK$2,500,000	**—**	2

During the year ended 31 March 2025, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: nil).

12. DIVIDENDS

	2025 HK$'000	2024 HK$'000
Dividends recognised as distribution during the year:		
— 2024 Final — HK2.5 cents (2024: 2023 final dividend — HK2.5 cents) per share	**3,679**	3,580

Subsequent to the end of the reporting period, a final dividend of HK2.0 cents (2024: HK2.5 cents) per share in respect of the year ended 31 March 2025 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

13. LOSS PER SHARE

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

	2025 HK$'000	2024 HK$'000
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**(13,809)**	(3,543)

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares during the year used in the basic and diluted loss per share calculation ('000)	**146,769**	144,142

Note: For the years ended 31 March 2025 and 2024, 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 outstanding share options since their assumed exercise would result in a decrease in loss per share.

14. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
COST			
At 1 April 2023	4,090	7,400	11,490
Additions for the year	—	275	275
Exchange adjustments	—	(4)	(4)
At 31 March 2024 and 1 April 2024	**4,090**	**7,671**	**11,761**
Additions for the year	**—**	**59**	**59**
Exchange adjustments	**—**	**(1)**	**(1)**
At 31 March 2025	**4,090**	**7,729**	**11,819**
ACCUMULATED DEPRECIATION			
At 1 April 2023	3,887	5,509	9,396
Charge for the year	163	597	760
Exchange adjustments	—	(2)	(2)
At 31 March 2024 and 1 April 2024	**4,050**	**6,104**	**10,154**
Charge for the year	**40**	**515**	**555**
Exchange adjustments	**—**	**(2)**	**(2)**
At 31 March 2025	**4,090**	**6,617**	**10,707**
CARRYING VALUES			
At 31 March 2025	**—**	**1,112**	**1,112**
At 31 March 2024	40	1,567	1,607

Depreciation is recognised so as to write off the cost of property and equipment less their residual value, if any, using the straight-line method over their estimated useful lives or at the rates per annum as follows:

Leasehold improvements	Over the lease term
Furniture and equipment	20%

15. LEASES

(i) Right-of-use assets

	2025 **HK$'000**	2024 HK$'000
Land and buildings	**11,818**	2,816

The Group has lease arrangements for land and buildings. The lease terms are three years (2024: three years). The payment terms of lease are fixed with no extension option.

Additions to the right-of-use assets for the year ended 31 March 2025 amounted to approximately HK$15,078,000 (2024: nil), due to renewal of existing leases of land and buildings.

(ii) Lease liabilities

	2025 **HK$'000**	2024 HK$'000
Analysed as:		
— non-current	**6,784**	578
— current	**5,471**	2,519
	12,255	3,097

Amounts payable under lease liabilities:

	2025 **HK$'000**	2024 HK$'000
Within one year	**5,471**	2,519
After one year but within two years	**5,365**	578
After two years but within five years	**1,419**	—
	12,255	3,097
Less: Amount due for settlement within 12 months	**(5,471)**	(2,519)
Amount due for settlement after 12 months	**6,784**	578

The incremental borrowing rates used for determination of the present value of the remaining lease payments were ranged from 9.11% to 10.97% (2024: 2.30% to 10.97%) per annum.

15. LEASES (Continued)

(iii) Amounts recognised in profit or loss

	2025 HK$'000	2024 HK$'000
Depreciation expense on right-of-use assets	6,064	7,133
Interest expenses on lease liabilities	1,036	298

(iv) Others

During the year ended 31 March 2025, the total cash outflow for leases including interest paid on lease liabilities and payment of lease liabilities amounted to approximately HK$6,944,000 (2024: HK$7,488,000).

16. GOODWILL

	HK$'000
COST	
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,123
IMPAIRMENT	
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,123
CARRYING VALUE	
At 31 March 2025	—
At 31 March 2024	—

For the purposes of impairment testing, goodwill set out above has been allocated to the CGU, relating to the asset management service segment.

Based on the profit forecast prepared by the management, the recoverable amount, which was primarily affected by lack of new subscription for the investment fund and the increasingly competitive business environment of asset management service, was estimated to be less than its carrying amount.

17. INTANGIBLE ASSET

	HK$'000
COST	
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	9,000
IMPAIRMENT	
At 1 April 2023, 31 March 2024 and 1 April 2024	7,700
Impairment recognised during the year	100
At 31 March 2025	7,800
CARRYING VALUE	
At 31 March 2025	1,200
At 31 March 2024	1,300

The intangible asset represents licences for regulated activities issued by the SFC ("Licences").

The Licences are considered by the directors of the Company as having indefinite useful lives because it is expected that the Licences will continue to be valid and will contribute net cash inflows for the Group in the foreseeable future. The Licences will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

As at 31 March 2025 and 2024, the management of the Group conducted an impairment assessment on intangible asset which has been allocated to the CGUs, relating to the asset management service segment. An independent valuer, Ravia Global Appraisal Advisory Limited, was engaged by the management of the Group to assess the recoverable amount of intangible asset with reference to the fair value less cost of disposal based on Level 3 hierarchy using replacement cost approach with key assumptions in relation to labour expense. Such estimation is based on the unit's past experience and management's expectations for the market and regulatory development. As at 31 March 2025, the carrying amounts of the intangible asset have been reduced to their recoverable amounts and impairment losses of HK$100,000 (2024: nil) was recognised during the year ended 31 March 2025 with reference to the fair value less cost of disposal. The carrying amounts of intangible asset after impairment amounted to HK$1,200,000 (2024: HK$1,300,000).

18. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Unlisted equity interests		
Cost of investments in associates	—	4
Share of post-acquisition losses and other comprehensive expenses	—	(4)
	—	—

As at 31 March 2025 and 2024, the Group had interests in the following associates:

Name	Form of entity	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held by the Group		Principal activities
				2025	2024	2025	2024	
Ace Eight Acquisition Corporation *(note)*	Incorporated	Cayman Islands/ Hong Kong	Ordinary	—	15%	—	15%	Effecting a De-SPAC transaction with one or more De-SPAC target(s)

Note:

Somerley Capital Limited, a wholly owned subsidiary of the Company, became one of the promoters of Ace Eight Acquisition Corporation ("Ace Eight") in December 2022. Ace Eight is a special purpose acquisition company ("SPAC") incorporated in the Cayman Islands with limited liability.

In accordance with Chapter 18B of the Listing Rules, Ace Eight is established solely for the purpose of effecting a business combination with one or more businesses (the "De-SPAC Transaction"). Ace Eight is not presently engaged in any activities and prior to the completion of the De-SPAC Transaction, Ace Eight will not engage in any operations other than the selection, structuring and completion of the De-SPAC Transaction. As of the date of its offering application to the Stock Exchange, Somerley Ace Limited ("SAL"), a wholly owned subsidiary of the Company, held 15.41% of the issued Class B Shares of Ace Eight and nominated one director to its board of directors, therefore SAL has significant influence over Ace Eight and accounted for this investment as an associate using equity method.

On 18 March 2025, the director resigned from Ace Eight. Therefore, the Group lost significant influence over Ace Eight due to the loss of participation in the board, resulting in a deemed disposal of interests in associates. As a result, the investment in Ace Eight has been reclassified from interests in associates to financial assets at fair value through profit or loss.

18. INTERESTS IN ASSOCIATES (Continued)

The financial information and carrying amount of the Group's interests in associates that is not individually material and is accounted for using the equity method is set out below:

	2025 **HK$'000**	2024 HK$'000
The Group's share of loss and total comprehensive loss for the year	**—**	(13)
Aggregate carrying amount of the Groups' interests in immaterial associates	**—**	—

During the years ended 31 March 2025 and 2024, no impairment loss for interests in associates was recognised.

19. DEFERRED TAX ASSETS (LIABILITIES)

The following is the analysis of the deferred tax assets (liabilities), after set off of certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2025 **HK$'000**	2024 HK$'000
Deferred tax assets	**81**	92
Deferred tax liabilities	**(197)**	(214)
	(116)	(122)

The movements in deferred tax assets (liabilities) during the years are as follows:

	Accelerated tax depreciation HK$'000	**Impairment of financial assets** HK$'000	**Intangible asset** HK$'000	**Total** HK$'000
At 1 April 2023	(80)	163	(214)	(131)
Deferred tax credited (charged) to profit or loss	49	(40)	—	9
At 31 March 2024 and 1 April 2024	**(31)**	**123**	**(214)**	**(122)**
Deferred tax credited (charged) to profit or loss	**52**	**(63)**	**17**	**6**
At 31 March 2025	**21**	**60**	**(197)**	**(116)**

20. CASH AND CASH EQUIVALENTS

	2025 HK$'000	2024 HK$'000
Cash at bank and in hand	**11,624**	17,163
Short-term bank deposits	**40,000**	43,000
	51,624	60,163

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made within three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables *(note)*	**12,467**	14,540
Less: Impairment allowance *(note)*	**(4,393)**	(2,947)
	8,074	11,593

	2025 HK$'000	2024 HK$'000
Prepayments, deposits and other receivables:		
Analysed as:		
— non-current assets (rental deposits)	**1,817**	223
— current assets	**3,467**	6,636
	5,284	6,859

	2025 HK$'000	2024 HK$'000
Deposits and other receivables	**1,950**	2,473
Prepayments	**1,533**	1,383
Receivables from brokers	**1,801**	3,003
	5,284	6,859

21. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The ECL on receivables from brokers and deposits and other receivables are estimated individually by reference to past experience of default and general economic condition of the industry at the reporting date. There has not been a significant change in the credit risk since initial recognition. The Group estimated the 12-month ECL on deposits and other receivables and receivables from brokers were not significant.

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.

	2025 **HK$'000**	2024 HK$'000
Within 90 days	**6,393**	8,461
91–180 days	**1,455**	1,104
Over 180 days	**226**	2,028
Total	**8,074**	11,593

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated collectively grouped by past due status. 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.

At 31 March 2025

	Weighted average expected loss rate **%**	**Gross carrying amount** **HK$'000**	**Loss allowance** **HK$'000**
Less than 90 days past due	**0.75**	**6,441**	**48**
91–180 days past due	**4.78**	**1,528**	**73**
181–270 days past due	**26.44**	**208**	**55**
271–365 days past due	**63.50**	**200**	**127**
More than 365 days past due	**100.00**	**4,090**	**4,090**
		12,467	**4,393**

At 31 March 2024

	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Less than 90 days past due	0.76	8,526	65
91–180 days past due	5.24	1,165	61
181–270 days past due	33.99	2,795	950
271–365 days past due	74.58	720	537
More than 365 days past due	100.00	1,334	1,334
		14,540	2,947

21. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Note: (Continued)

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

	2025 HK$'000	2024 HK$'000
At the beginning of the year	2,947	1,070
Impairment losses recognised on trade receivables	2,263	1,877
Amount written-off as uncollectible	(817)	—
At the end of the year	4,393	2,947

During the year ended 31 March 2025, trade receivables of approximately HK$817,000 (2024: nil) were written off. The Group writes off trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Financial assets mandatorily measured at fair value through profit or loss		
— Listed equity securities, Hong Kong	523	2,690
— Unlisted equity investment *(note)*	—	—
	523	2,690

Note:

As at 31 March 2025, the Directors considered that there is evidence indicating that the investment in Ace Eight has no realistic prospect of recovery. As such, the Directors considered that the fair value of the investment was nil.

23. CONTRACT LIABILITY

	2025 HK$'000	2024 HK$'000
Contract liability	399	557

Contract liability includes receipt in advance to provide financial advisory services. The Group received part of the contract value as receipt in advance from financial advisory services projects when service contracts are signed. The receipts in advance payment result in contract liability and relevant revenue is recognised over the financial advisory services project period.

Revenue recognised during the year ended 31 March 2025 that was included in the contract liability at the beginning of the year is approximately HK$161,000 (2024: HK$188,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

24. OTHER PAYABLES AND ACCRUALS

	2025 HK$'000	2024 HK$'000
Bonus payables	**1,507**	831
Other payables	**799**	1,010
Accruals	**385**	390
	2,691	2,231

25. PROVISION FOR LONG SERVICE PAYMENT

Details of the provision for long service payment of the Group are as follows:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**610**	267
Long service payment expenses recognised during the year	**222**	343
Payments during the year	**(116)**	—
At end of the year	**716**	610

The Group makes provision for probable future long service payment to employees in accordance with the Hong Kong Employment Ordinance. As at 31 March 2025, the provision for long service payment recognised by the Group was approximately HK$716,000 (2024: HK$610,000). The provision represents the management's best estimate of the Group's liability at the end of each reporting period. The most recent long service payment valuation was carried out as at 31 March 2025 by Ravia Global Appraisal Advisory Limited, an independent valuer. The present value of the long service payment and the related service cost were measured using the projected unit credit method.

26. PROVISION FOR REINSTATEMENT COST

Details of the provision for reinstatement cost of the Group are as follows:

	HK$'000
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	2,300

Under the tenancy agreement entered during the year ended 31 March 2019 for one of the Group's office premises, the Group has a contractual obligation to restore the premise to its original condition upon the expiry of the tenancy agreement. Therefore, the Group applies the "liability approach" and recognises a provision for these reinstatement cost over the period of the lease, based on the best estimate of the expected reinstatement cost in respect of the modifications made to the office premise. The expected timing of utilising the provision is when the tenancy agreement expires. On 25 April 2024, the Group further renewed the tenancy agreement for a term of three years commencing on 1 July 2024 and ending on 30 June 2027.

27. RETIREMENT BENEFITS SCHEME

The Group operates an MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the scheme vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

Employees of the subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the required contributions.

During the year ended 31 March 2025, the total amount contributed by the Group to the schemes and charged to the consolidated statement of profit or loss and other comprehensive income was approximately HK$1,151,000 (2024: HK$1,118,000). No forfeited contribution is available for use by the Group to reduce the existing level of contribution for the years ended 31 March 2025 and 2024.

28. SHARE CAPITAL

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

	Number of shares	**Amount**
	'000	HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	200,000	2,000
Issued and fully paid:		
At 1 April 2023	143,406	1,434
Exercise of share options *(note i)*	2,353	23
Share repurchase *(note iii)*	(216)	(2)
At 31 March 2024 and 1 April 2024	145,543	1,455
Exercise of share options *(note ii)*	1,777	18
Share repurchase *(note iv)*	(558)	(5)
At 31 March 2025	146,762	1,468

28. SHARE CAPITAL (Continued)

Details of the treasury shares of the Company are as follows:

	Number of shares repurchased '000	Amount HK$'000
At 1 April 2023	94	1
Shares repurchased *(note iii)*	122	1
Cancellation of repurchased shares *(note iii)*	(216)	(2)
At 31 March 2024 and 1 April 2024	—	—
Shares repurchased *(note iv)*	586	6
Cancellation of repurchased shares *(note iv)*	(558)	(5)
At 31 March 2025	28	1

Notes:

(i) During the year ended 31 March 2024, share options were exercised at subscription price of approximately HK$0.09 per ordinary share, resulting in the issue of 2,352,629 ordinary shares for proceeds of approximately HK$212,000. An amount of approximately HK$881,000 was transferred from share option reserve to the share premium account upon exercise of the share options.

(ii) During the year ended 31 March 2025, share options were exercised at subscription price of approximately HK$0.09 per ordinary share, resulting in the issue of 1,776,970 ordinary shares for proceeds of approximately HK$161,000. An amount of approximately HK$674,000 was transferred from share option reserve to the share premium account upon exercise of the share options.

(iii) In accordance with a shareholders' resolution passed by the shareholders of the Company at the annual general meeting held on 23 August 2022, the directors of the Company were granted a general mandate to repurchase shares not exceeding 10% of its issued shares as at the date of passing that resolution. A total of 122,000 shares were repurchased by the Company at a total consideration of approximately HK$98,000 during the year ended 31 March 2024. 96,000 and 120,000 repurchased shares were cancelled in May 2023 and August 2023 respectively.

(iv) In accordance with shareholders' resolutions passed by the shareholders of the Company at the annual general meetings held on 15 September 2023 and 10 September 2024, the directors of the Company were granted a general mandate to repurchase shares not exceeding 10% of its issued shares as at the date of passing that resolution. A total of 178,000 and 408,000 shares were repurchased by the Company pursuant to the mandates granted at a total consideration of approximately HK$88,000 and HK$167,000, respectively, during the year ended 31 March 2025. 170,000, 8,000, 302,000 and 78,000 repurchased shares were cancelled in August 2024, September 2024, January 2025 and March 2025 respectively. As at 31 March 2025, 28,000 shares were repurchased but not yet cancelled.

29. RELATED PARTY TRANSACTIONS

(a) Transactions

	Notes	2025 HK$'000	2024 HK$'000
Somerley Group Limited ("SGL")			
— Office sharing income and recharge of other premises expenses	*(i)*	**742**	773
— Management fee income	*(ii)*	**135**	180
— Corporate finance advisory fee income	*(iii)*	**—**	438

(i) During the year ended 31 March 2025, the Group charged SGL office sharing and other premises expenses of approximately HK$742,000 (2024: HK$773,000). It is calculated based on the office areas occupied and sharing of common area by SGL.

(ii) During the year ended 31 March 2025, the Group charged SGL the management fee of approximately HK$135,000 (2024: HK$180,000) as reimbursement of expenses incurred for the senior management, executive oversight and other administrative services as provided to SGL.

(iii) During the year ended 31 March 2024, the Group provided corporate finance advisory service to SGL and charged SGL the corporate finance advisory fee of approximately HK$438,000.

(b) Balances with related parties

The amount due from ultimate holding company of approximately HK$436,000 is trade in nature, unsecured, non-interest bearing and recoverable on demand. The amount due from ultimate holding company of approximately HK$877,000 is non-trade in nature, unsecured, non-interest bearing and recoverable on demand.

(c) Compensation of key management personnel

Other than the emoluments paid to the directors of the Company, who are considered as the key management of the Company as set out in note 10, the Group 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.

30. CAPITAL RISK MANAGEMENT

Capital comprises share capital and reserves stated in the consolidated statement of financial position. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, by pricing commensurately with the level of risk and by securing access to finance at a reasonable cost.

The directors of the Company manage capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity analysis. Neither the Company nor subsidiaries, except for SCL and Environmental Investment Services (Asia) Limited ("EISAL"), is subject to externally imposed capital requirements. SCL and EISAL are regulated by the Securities and Futures Commission ("SFC") and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance.

30. CAPITAL RISK MANAGEMENT (Continued)

The management monitors SCL's and EISAL's liquid capital daily to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules ("FRR") adopted by the SFC. Under the FRR, SCL and EISAL must maintain its liquid capital in excess of HK$3,000,000 and HK$100,000 respectively. The required information of SCL and EISAL is filed with SFC on a monthly basis and half yearly basis respectively. SCL and EISAL were in compliance with the capital requirements imposed by FRR during the years ended 31 March 2025 and 2024. Other than this, the Company and other subsidiaries are not subject to externally imposed capital requirements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial assets at FVTPL	523	2,690
Financial assets at amortised cost	64,762	77,670
	65,285	80,360
Financial liabilities		
Financial liabilities at amortised cost	14,946	5,328

b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, amount due from ultimate holding company, cash and cash equivalents, financial asset at FVTPL, lease liabilities and other payables and accruals.

Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments included market risk (interest rate risk, currency risk and equity price risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors those exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk

Trade receivables, amount due from ultimate holding company, deposits and other receivables and cash and cash equivalents represent the Group's major exposure to the credit risk arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statement of financial position.

Trade receivables from clients arising from corporate finance advisory services and asset management services are, in general due upon the issuance of invoice and the responsible officers of the Group are responsible for overall monitoring of the credit risk of their clients.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Financial risk management objectives and policies (Continued)

(i) *Credit risk* (Continued)

The Group has a concentration of credit risk on trade receivables arising from corporate finance advisory services. As at 31 March 2025, the top three trade receivables of the Group from corporate finance advisory services constituted approximately 43% of the entire balance (2024: 60%).

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For rental deposits, the Group assessed the credit quality of the lessors. The directors are of the opinion that the risk of default by lessors is low.

For receivables from brokers, because the counterparties are reputable brokers with high credit-rating, for which the Group considers to have low credit risk.

For trade receivable, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivable collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. No loss allowance was made on amount due from ultimate holding company as the amount was immaterial.

For other non-trade related receivables, they are assessed individually for impairment allowance. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances carrying interest at prevailing market rates.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider necessary action if significant interest rate exposure is anticipated.

The Group's exposure to interest rate risk in relation to variable-rate bank balances is minimal due to the current market saving interest rate for bank balances is low. Hence, management considers that the effect of interest rate change does not have significant impact on the Group and no sensitivity analysis is prepared.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Financial risk management objectives and policies (Continued)

(iii) Currency risk

The functional currency of the Group's entities are principally denominated in Hong Kong dollars. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than its functional currency such as Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's material foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2025 HK$'000	2024 HK$'000
Renminbi	984	1,415
USD	2,354	3,468

No sensitivity analysis was prepared for United States Dollars of the group entity with functional currency of Hong Kong dollars as Hong Kong dollars is pegged to United States Dollars. The Group is mainly exposed to the currency risk of Renminbi. Set out below the sensitivity analysis the Group's foreign currency risk:

	Functional currency strengthened/ (weakened) by	Increase/ (decrease) in loss after tax HK$'000
Year ended 31 March 2025	**5%/(5%)**	**49/(49)**
Year ended 31 March 2024	5%/(5%)	71/(71)

(iv) Equity price risk

The Group's exposure to equity price risk relates principally to the Group's investment in listed equity securities. Management managed this exposure by reviewing the share price movements of its listed equity securities regularly.

For the year ended 31 March 2025, if the prices of the respective listed equity securities had been 10% higher/lower, with all other variables held constant, the Group's loss after tax for the year would decrease/increase by approximately HK$52,000 (2024: HK$269,000) as a result of the changes in the fair value of financial assets at FVTPL.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Financial risk management objectives and policies (Continued)

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigates the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

2025	**Within one year HK$'000**	**After one year but within two years HK$'000**	**After two years but within five years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
Non-derivative financial liabilities					
Other payables and accruals	**2,691**	**—**	**—**	**2,691**	**2,691**
Additional information about the maturity of lease liabilities is provided in the following table:					
Lease liabilities	**6,359**	**5,763**	**1,441**	**13,563**	**12,255**

2024	Within one year HK$'000	After one year but within two years HK$'000	After two years but within five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Other payables and accruals	2,231	—	—	2,231	2,231
Additional information about the maturity of lease liabilities is provided in the following table:					
Lease liabilities	2,627	604	—	3,231	3,097

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Fair value measurements recognised in the consolidated statement of financial position

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.

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	**523**	**—**	**—**	**523**

	2024			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	2,690	—	—	2,690

Reconciliation of Level 3 fair value measurements of financial assets:

	Derivative financial instrument	**Financial assets at FVTPL**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2023	—	—	—
Transfer from interest in an associate	—	706	706
Fair value gain	1,012	66	1,078
Disposal	(1,013)	(773)	(1,786)
Exchange adjustments	1	1	2
At 31 March 2024, 1 April 2024 and 31 March 2025	**—**	**—**	**—**

During the year ended 31 March 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: nil).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

The valuation techniques and input used in the fair value measurement of financial instrument 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 asset at FVTPL					
— Listed equity securities	HK$523,000 (2024: HK$2,690,000)	Level 1	Quoted closing price in an active market	N/A	N/A

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 31 March 2025 and 2024.

32. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 March 2025, the Group renewed the existing lease arrangement in respect of office premises. Right-of-use assets and lease liabilities of approximately HK$15,078,000 were recognised at the modification date of the leases.

(ii) During the year ended 31 March 2025, trade receivables of HK$500,000 were settled by a listed equity security of approximately HK$349,000 which represents the market price on the settlement date.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Investments in subsidiaries	*36*	**28,484**	38,449
Property and equipment		**—**	41
Right-of-use asset		**11,308**	1,610
Rental deposit		**1,696**	—
Deferred tax asset		**81**	92
		41,569	40,192
Current assets			
Prepayments, deposits and other receivables		**1,993**	5,296
Amounts due from subsidiaries	*(b)*	**2,484**	1,392
Amount due from ultimate holding company	*(b)*	**742**	—
Financial assets at fair value through profit or loss		**523**	2,690
Tax recoverable		**64**	—
Cash and cash equivalents		**30,033**	33,465
		35,839	42,843
Current liabilities			
Other payables and accruals		**357**	517
Lease liability		**4,900**	1,814
Provision for reinstatement cost		**—**	2,300
Tax payable		**—**	35
		5,257	4,666
Net current assets		**30,582**	38,177
Total assets less current liabilities		**72,151**	78,369
Non-current liabilities			
Provision for reinstatement cost		**2,300**	—
Lease liability		**6,784**	—
		9,084	—
Net assets		**63,067**	78,369
Capital and reserves			
Share capital		**1,468**	1,455
Treasury shares	*(a)*	**(11)**	—
Reserves	*(a)*	**61,610**	76,914
Total equity		**63,067**	78,369

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) Movement in reserves

	Share premium HK$'000	Treasury shares HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2024	**43,435**	**—**	**1,324**	**39,280**	**(7,125)**	**76,914**
Loss and total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(13,164)**	**(13,164)**
Issue of shares upon exercise of share options	**817**	**—**	**(674)**	**—**	**—**	**143**
Dividends recognised as distribution	**(3,679)**	**—**	**—**	**—**	**—**	**(3,679)**
Recognition of equity-settled share-based payments	**—**	**—**	**1,635**	**—**	**—**	**1,635**
Lapse of share options	**—**	**—**	**(153)**	**—**	**153**	**—**
Repurchase and cancellation of ordinary shares	**(239)**	**(11)**	**—**	**—**	**—**	**(250)**
At 31 March 2025	**40,334**	**(11)**	**2,132**	**39,280**	**(20,136)**	**61,599**

	Share premium HK$'000	Treasury shares HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	46,114	(73)	1,555	39,280	(5,787)	81,089
Loss and total comprehensive loss for the year	—	—	—	—	(1,338)	(1,338)
Issue of shares upon exercise of share options	1,070	—	(881)	—	—	189
Dividends recognised as distribution	(3,580)	—	—	—	—	(3,580)
Recognition of equity-settled share-based payments	—	—	650	—	—	650
Repurchase and cancellation of ordinary shares	(169)	73	—	—	—	(96)
At 31 March 2024	43,435	—	1,324	39,280	(7,125)	76,914

Other reserve represented the difference between the nominal amounts of the share capitals of the group companies 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.

(b) The amounts due from ultimate holding company and subsidiaries are unsecured, non-interest bearing and recoverable on demand.

34. 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 of the Pre-IPO Share Option Scheme"), 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 13,061,735 share options to the Grantees, the maximum number of share options available under the Scheme. The exercise of these share options would entitle the Grantees to purchase in aggregate 13,061,735 shares of the Company.

The share options were valid after the listing date (i.e. 29 March 2017) of the Company and expired on 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 with price of HK$0.28 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 date of the Company of the Shares 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 the 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 HK$0.16 to approximately HK$0.09 during the year end 31 March 2024 pursuant to the terms of the scheme.

The estimated fair value of the options granted on 19 May 2016 is approximately HK$4,485,000.

The fair value was calculated using the Binomial model. The inputs into the model were as follow:

Share options granted on 19 May 2016:	
Weighted average share price at grant date	HK$0.54
Exercise price	HK$0.28
Option life	96 months
Expected volatility	64.92%
Risk-free interest rate	1.32%
Expected dividend yield	0%

Expected volatility was determined by using the average of industry annualised historical stock price volatility.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the director's best estimate. The value of an option varies with different variables of certain subjective assumptions.

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pre-IPO Share Option Scheme (Continued)

The following table discloses movements of the Company's share options under Pre-IPO Share Option Scheme held by the Grantees of the Pre-IPO Share Option Scheme:

	Date of grant of share options	Outstanding as at 1 April 2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2024
2nd vesting period *(note)*						
Directors	19/05/2016	2,522,800	—	(745,830)	—	1,776,970
Other employees	19/05/2016	1,606,799	—	(1,606,799)	—	—
		4,129,599	—	(2,352,629)	—	1,776,970
Exercisable at the end of the year						1,776,970
Weighted average exercise price		0.16	—	0.09	—	0.09

	Date of grant of share options	**Outstanding as at 1 April 2024**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31 March 2025**
2nd vesting period *(note)*						
Directors	**19/05/2016**	**1,776,970**	**—**	**(1,776,970)**	**—**	**—**
Exercisable at the end of the year						**—**
Weighted average exercise price		**0.09**	**—**	**0.09**	**—**	**—**

Note:

The vesting period was from 19 May 2016 to 31 December 2019 and the exercise period is from 1 January 2020 to 10 May 2024. The weighted average closing prices immediately before the dates on which the options were exercised was HK$0.70 (2024: HK$0.67).

2023 Share Option Scheme

Pursuant to the ordinary resolution of the shareholders of the Company passed on 15 September 2023, the Company has adopted the 2023 Share Option Scheme to recognise and acknowledge the contributions of the eligible employees ("Grantees of the 2023 Share Option Scheme") to the Group by granting share options under the 2023 Share Option Scheme to them as incentives or rewards. The amount payable by the Grantee to the Company for each acceptance of grant of option is HK$1.

The total number of shares issued and to be issued upon exercise of options granted and to be granted to each Participant under the 2023 Share Option Scheme in any 12-month period shall not exceed 1% of the shares in issue at the relevant time. For options granted or to be granted to a substantial shareholder or any of their respective associates or associates of independent non-executive directors, the said limit is reduced to 0.1% of the shares in issue. Any further grant of share options in excess of such limits is subject to shareholders' approval in general meeting.

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

2023 Share Option Scheme (Continued)

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 date on which the 2023 Share Option Scheme is adopted by an ordinary resolution of the shareholders of the Company on 15 September 2023 and will expire on 14 September 2033.

The estimated fair value of the options granted on 18 December 2023 is approximately HK$3,686,000. The fair value was calculated using the Binomial model. The inputs into the model were as follow:

Share options granted on 18 December 2023:	
Share price at grant date	HK$0.72
Exercise price	HK$0.72
Option life	60 months
Expected volatility	67.69%
Risk-free interest rate	3.20%
Expected dividend yield	0%

Expected volatility was determined by using the average of industry annualised historical stock price volatility.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the director's best estimate. The value of an option varies with different variables of certain subjective assumptions.

The following table discloses movements of the Company's share options under 2023 Share Option Scheme held by the Grantees of the 2023 Share Option Scheme:

	Date of grant of share options	Outstanding as at 1 April 2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2024
1st vesting period *(note i)*						
Director	18/12/2023	—	231,000	—	—	231,000
Other employees	18/12/2023	—	3,630,000	—	—	3,630,000
2nd vesting period *(note ii)*						
Director	18/12/2023	—	231,000	—	—	231,000
Other employees	18/12/2023	—	3,630,000	—	—	3,630,000
3rd vesting period *(note iii)*						
Director	18/12/2023	—	238,000	—	—	238,000
Other employees	18/12/2023	—	3,740,000	—	—	3,740,000
		—	11,700,000	—	—	11,700,000
Exercisable at the end of the year						—
Weighted average exercise price		—	0.72	—	—	0.72

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

2023 Share Option Scheme (Continued)

	Date of grant of share options	Outstanding as at 1 April 2024	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2025
1st vesting period *(note i)*						
Directors *(note iv)*	18/12/2023	528,000	—	—	—	528,000
Other employees	18/12/2023	3,333,000	—	—	(577,500)	2,755,500
2nd vesting period *(note ii)*						
Directors *(note iv)*	18/12/2023	528,000	—	—	—	528,000
Other employees	18/12/2023	3,333,000	—	—	(726,000)	2,607,000
3rd vesting period *(note iii)*						
Directors *(note iv)*	18/12/2023	544,000	—	—	—	544,000
Other employees	18/12/2023	3,434,000	—	—	(748,000)	2,686,000
		11,700,000	—	—	(2,051,500)	9,648,500
Exercisable at the end of the year						3,283,500
Weighted average exercise price		0.72	—	—	0.72	0.72

Notes:

(i) The vesting period is from 18 December 2023 to 17 December 2024 and the exercise period will be from 18 December 2024 to 17 December 2028.

(ii) The vesting period is from 18 December 2023 to 17 December 2025 and the exercise period will be from 18 December 2025 to 17 December 2028.

(iii) The vesting period is from 18 December 2023 to 17 December 2026 and the exercise period will be from 18 December 2026 to 17 December 2028.

(iv) Included in share options granted to Directors, there were 450,000 and 450,000 share options granted to Ms. LEUNG Lim Ng Jenny and Mr. WONG C-Tsun, who were appointed as Directors on 10 September 2024, respectively, on 18 December 2023 under the 2023 Share Option Scheme. The share options were exercisable during 18 December 2024 to 17 December 2028.

35. COMMITMENT

The Group was committed as at 31 March 2025 to enter into a new lease of three years that is not yet commenced, the lease payments under which amounted to approximately RMB397,000 per annum.

36. LIST OF SUBSIDIARIES

The Company has direct and indirect interests in the following subsidiaries comprising the Group:

Name	Place and date of incorporation/ operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group 31 March 2025	31 March 2024	Principal activities
Directly held:					
Somerley (BVI) Limited	British Virgin Islands/ 22 April 2016	HK$1	100%	100%	Investment holding
Environmental Investment Services Asia Limited *(note iii)*	Hong Kong/ 25 March 2009	HK$25,716,644	98%	95%	Provision of asset management service
Indirectly held:					
Somerley Ace Limited	British Virgin Islands/ Hong Kong/ 23 June 2022	US$1	100%	100%	Investment holding
Somerley Capital Limited	Hong Kong/ 3 January 2013	HK$10,000,000	100%	100%	Provision of corporate finance advisory services
Somerley (Hong Kong) Limited	Hong Kong/ 12 April 2018	HK$1	100%	100%	Investment holding
Somerley Capital (Beijing) Limited	The People's Republic of China/11 June 2018 *(note i)*	RMB685,460	100%	100%	Provision of consultancy service

Notes:

(i) Somerley Capital (Beijing) Limited is a wholly-owned foreign enterprise.

(ii) None of the subsidiaries have issued any debt securities at the end of both years.

(iii) No subsidiary has non-controlling interests that are material to the Group.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK$'000
As at 1 April 2024	3,097
Renewal of lease agreement	15,078
Repayment of principal of lease liabilities	(5,908)
Accrued Interest	1,036
Interest paid in respect of lease liabilities	(1,036)
Exchange adjustments	(12)
As at 31 March 2025	12,255
As at 1 April 2023	10,383
Repayment of principal of lease liabilities	(7,190)
Accrued Interest	298
Interest paid in respect of lease liabilities	(298)
Exchange adjustments	(96)
As at 31 March 2024	3,097

FINANCIAL SUMMARY

RESULTS

For the year ended 31 March	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Revenue	**51,596**	67,374	61,003	68,175	75,456
(Loss) profit before taxation	**(13,854)**	(3,580)	(6,863)	(3,758)	6,876
Income tax credit (expense)	**15**	(33)	(90)	(98)	472
(Loss) profit for the year	**(13,839)**	(3,613)	(6,953)	(3,856)	7,348
(Loss) profit attributable to:					
Owners of the Company	**(13,809)**	(3,543)	(6,821)	(3,637)	8,540
Non-controlling interests	**(30)**	(70)	(132)	(219)	(1,192)
	(13,839)	(3,613)	(6,953)	(3,856)	7,348
(Loss) earnings per share — basic (HK cents)	**(9.41)**	(2.46)	(4.79)	(2.56)	6.03
Dividend per share (HK cents)	**2.0**	2.5	2.5	2.5	3.8

ASSETS AND LIABILITIES

As at 31 March	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Total assets	**81,095**	87,561	100,634	116,172	115,815
Total liabilities	**(18,558)**	(9,044)	(15,669)	(20,758)	(11,272)
Total equity	**62,537**	78,517	84,965	95,414	104,543