



**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

**FIRST  
QUARTERLY  
REPORT  
2022/23**

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

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

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

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

# CONTENTS

	<i>Page</i>
Management Discussion and Analysis	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Statement of Changes in Equity	9
Notes to the Condensed Consolidated Financial Statements	10
Corporate Governance and Other Information	16

## BUSINESS REVIEW AND PROSPECTS

### Analysis of Principal Businesses

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

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

During the three months ended 30 June 2022 (the “Period”), the Group recorded a loss before tax of approximately HK\$3.7 million (2021: approximately HK\$3.5 million) and a loss after tax of approximately HK\$3.7 million (2021: approximately HK\$3.4 million). The losses were mainly due to unhelpful conditions for Hong Kong corporate finance advisory services. The corporate finance advisory business segment recorded revenue of approximately HK\$13.4 million (2021: approximately HK\$14.0 million) and a segment loss before tax of approximately HK\$2.3 million (2021: approximately HK\$2.5 million). A segment loss before tax of approximately HK\$0.3 million (2021: approximately HK\$0.3 million) was incurred by the Group’s asset management business segment during the Period.

## Prospects

The first quarter of 2022–23 has started slowly, as was the case in 2021–22 and 2020–21, and the continuing loss is disappointing. Looking ahead, the Group's pipeline of deals is still reasonably healthy. However, based on experience over the last year or so, it has become increasingly difficult to assess with confidence whether projects in hand will proceed to completion, and, if so, on what timetable. This significantly affects the amount and timing of the Group's fee income. At present, it is difficult to pin down hard evidence of a significant pick-up in the Hong Kong corporate finance market. Hong Kong IPOs, usually buoyant in the second quarter of the calendar year, were subdued and M&A transactions, which respond to the level at which the Hong Kong and the PRC economics are growing, also showed a reduced volume. The Group is working on the assumption that it will see a recovery in activity later in 2022–23. In the meantime, the Group is taking the opportunity to devote time to progressing its cautious investments in fintech and digital finance and to exploring a new role for its fund management business.

## FINANCIAL REVIEW

### Revenue

The Group's total revenue decreased by approximately 4.3% to approximately HK\$13.4 million for the Period from approximately HK\$14.0 million for the three months ended 30 June 2021.

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Period amounted to approximately HK\$7.2 million (2021: approximately HK\$8.3 million), accounting for approximately 53.7% of the Group's total revenue (2021: approximately 59.3%). The decrease was largely due to a challenging business environment and fierce fee competition.

Revenue generated from acting as compliance adviser ("CA") for the Period amounted to approximately HK\$6.0 million (2021: approximately HK\$5.7 million), accounting for approximately 44.8% of the Group's total revenue (2021: approximately 40.7%). CA activities continue to provide a stable source of income to the Group, complementing the more fluctuating corporate finance advisory income.

## Other Income

Other income mainly represented bank interest income, dividend income, management service fee income from Somerley Group Limited (“SGL”), office sharing income and reimbursement of other premise expenses from SGL.

## Employee Benefits Costs

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

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Fees, salaries, allowances and other benefits	<b>11,661</b>	12,107
Contributions to the retirement benefits scheme	<b>276</b>	264
	<b>11,937</b>	12,371
Analysed as:		
— corporate holding	<b>180</b>	180
— corporate finance advisory (Hong Kong)	<b>10,922</b>	11,471
— corporate finance advisory (Beijing)	<b>662</b>	622
— asset management	<b>173</b>	98
	<b>11,937</b>	12,371

Employee benefits costs decreased by approximately 4.0% to approximately HK\$11.9 million from approximately HK\$12.4 million for the three months ended 30 June 2021. The decrease was mainly due to the receipt of wage subsidies of approximately HK\$0.7 million granted from the Employment Support Scheme under the Anti-Epidemic Fund during the Period.

## Depreciation Expenses and Other Operating Expenses

	For the three months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Depreciation expenses of property and equipment	229	262
Depreciation expenses of right-of-use assets	1,798	2,548
	<b>2,027</b>	2,810
Other premises expenses	491	580
Exchange loss, net	651	—
Impairment loss recognised in respect of trade receivables	179	215
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	415	383
Others	1,346	1,426
	<b>5,109</b>	5,414
Analysed as:		
— corporate holding	920	529
— corporate finance advisory (Hong Kong)	3,715	4,248
— corporate finance advisory (Beijing)	372	415
— asset management	102	222
	<b>5,109</b>	5,414

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

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

The Group's depreciation expenses and other operating expenses decreased by approximately 5.6% to approximately HK\$5.1 million for the Period from approximately HK\$5.4 million for the three months ended 30 June 2021. The net decrease was mainly due to the combined effects of: (i) the decrease in depreciation of right-of-use assets due to the lower rental on the Group's office premises in Hong Kong after renewal of the lease for a further three years from 1 July 2021; and (ii) the exchange losses arising from the translation of bank balances denominated in Renminbi during the Period.

### Loss for the Period

For the Period, the Group recorded a loss before tax of approximately HK\$3.7 million (2021: approximately HK\$3.5 million), and after-tax loss was approximately HK\$3.7 million (2021: approximately HK\$3.4 million). The losses were mainly due to the decrease in revenue affected by unsettled conditions for the Group's corporate finance advisory businesses and the highly competitive fee environment.

### Future Plans for Material Investments or Capital Assets

The Group had no capital commitments as at 30 June 2022 (31 March 2022: nil). Save for the business plan disclosed in the prospectus of the Company dated 15 March 2017 (the "Prospectus"), the announcement of, among others, change in use of proceeds published on 22 June 2018 or as otherwise disclosed in this report, the Group did not have plans for making material investments or acquiring capital assets as at 30 June 2022.

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

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

### Interim Dividend

The board of Directors (the "Board") does not recommend the payment of interim dividend for the Period (2021: nil).



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

For the three months ended 30 June 2022

The Board presents the unaudited condensed consolidated results of the Group for the Period, together with the unaudited comparative figures for the three months ended 30 June 2021, as follows:

	Notes	Three months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	13,414	14,033
Other income	4	358	353
		<b>13,772</b>	14,386
Employee benefits costs		<b>(11,937)</b>	(12,371)
Fair value (loss) gain on financial asset at fair value through profit or loss		<b>(387)</b>	1
Depreciation		<b>(2,027)</b>	(2,810)
Introduction expenses		—	(100)
Finance cost on lease liabilities		<b>(87)</b>	(25)
Other operating expenses		<b>(3,082)</b>	(2,604)
Loss before tax	5	<b>(3,748)</b>	(3,523)
Income tax credit	6	<b>49</b>	126
Loss for the period		<b>(3,699)</b>	(3,397)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		<b>(24)</b>	5
Total comprehensive expense for the period		<b>(3,723)</b>	(3,392)

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

For the three months ended 30 June 2022

	Note	Three months ended	
		2022	2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(3,672)	(3,334)
Non-controlling interests		(27)	(63)
		<b>(3,699)</b>	<b>(3,397)</b>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,696)	(3,329)
Non-controlling interests		(27)	(63)
		<b>(3,723)</b>	<b>(3,392)</b>
Loss per share — basic and diluted (HK cents)	8	(2.58)	(2.35)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Attributable to the owners of the Company									
	Share capital	Share premium	Retained earnings	Shareholder contribution reserve	Share option reserve	Translation reserve	Other reserve (Note)	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (audited)	1,419	54,765	31,722	4,179	2,115	38	9,900	104,138	405	104,543
Loss for the period	—	—	(3,334)	—	—	—	—	(3,334)	(63)	(3,397)
Other comprehensive income:										
Exchange differences arising from translation of foreign operation	—	—	—	—	—	5	—	5	—	5
Total comprehensive (expense) income for the period	—	—	(3,334)	—	—	5	—	(3,329)	(63)	(3,392)
Issue of shares upon exercise of share options	1	67	—	—	(43)	—	—	25	—	25
At 30 June 2021 (unaudited)	1,420	54,832	28,388	4,179	2,072	43	9,900	100,834	342	101,176
At 1 April 2022 (audited)	1,424	49,639	28,014	4,179	1,946	55	9,900	95,157	257	95,414
Loss for the period	—	—	(3,672)	—	—	—	—	(3,672)	(27)	(3,699)
Other comprehensive expense:										
Exchange differences arising from translation of foreign operation	—	—	—	—	—	(24)	—	(24)	—	(24)
Total comprehensive expense for the period	—	—	(3,672)	—	—	(24)	—	(3,696)	(27)	(3,723)
At 30 June 2022 (unaudited)	1,424	49,639	24,342	4,179	1,946	31	9,900	91,461	230	91,691

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 30 June 2022*

## 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. Its parent and ultimate holding company is SGL, a company incorporated in Hong Kong with limited liability. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 20th Floor, China Building, 29 Queen's Road Central, Central, Hong Kong, respectively.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 30 June 2022*

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies used in the unaudited condensed consolidated financial statements for the three months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual report for the year ended 31 March 2022, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

## 3. REVENUE

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Corporate finance advisory fee income		
— from acting as financial adviser	2,521	3,998
— from acting as independent financial adviser	4,642	4,330
— from acting as compliance adviser	5,977	5,705
— others	274	—
	<b>13,414</b>	14,033

## 4. OTHER INCOME

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	31	57
Management fee income from ultimate holding company	45	39
Office sharing income and reimbursement of other premises expenses from ultimate holding company	193	171
Others	89	86
	<b>358</b>	353

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

## 5. LOSS BEFORE TAX

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	180	180
Other emoluments	2,574	2,574
Contributions to retirement benefits scheme	9	9
	<b>2,763</b>	2,763
Other staff costs (note)	<b>8,907</b>	9,353
Contributions to retirement benefits scheme	<b>267</b>	255
Total employee benefits costs	<b>11,937</b>	12,371
Auditor's remuneration	85	89
Depreciation for property and equipment	229	262
Depreciation for right-of-use assets	1,798	2,548
Impairment loss recognised in respect of trade receivables	179	215
Exchange loss (gain), net	651	(86)

*Note:* Wage subsidies of approximately HK\$672,000 granted from the Employment Support Scheme under the Anti-Epidemic Fund for the use of paying wages of employees have been recognised during the three months ended 30 June 2022 (2021: nil). The amounts have been offset against the employee benefits costs.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

## 6. INCOME TAX CREDIT

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax:		
Hong Kong	17	14
Over provision in prior years:		
People's Republic of China	(4)	(68)
Deferred taxation	(62)	(72)
	<b>(49)</b>	<b>(126)</b>

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 three months ended 30 June 2022 and 2021, 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%.

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%.

## 7. DIVIDENDS

The Board does not recommend the payment of interim dividend for the Period (2021: nil).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

## 8. 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:

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss</b>		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<b>(3,672)</b>	(3,334)
	Number of shares	
	2022	2021
	(unaudited)	(unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted loss per share calculation ('000)	<b>142,355</b>	141,870

*Note:* Diluted loss per share is same as basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealing").

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings throughout the Period.

## COMPETING INTERESTS

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company (the "Shares") during the Period.

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

As at 30 June 2022, the Directors and chief executive of the Company (the "Chief Executive") and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules were as follows:

### Long position in ordinary shares of the Company

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total number of issued shares of the Company
SABINE Martin Nevil ("Mr. Sabine")	Interest of a controlled corporation	83,909,350 (Note 1)	—	58.94%
	Beneficial owner	220,000	—	0.15%
	A concert party to an agreement to buy shares described in s317(1)(a)	2,283,440 (Note 2)	—	1.60%
		—	645,717 (Notes 2 & 3)	0.45%
CHEUNG Tei Sing Jamie ("Mr. Cheung")	Beneficial owner	2,233,440	—	1.57%
	A concert party to an agreement to buy shares described in s317(1)(a)	—	645,717 (Note 3)	0.45%
		84,179,350 (Notes 1 & 2)	—	59.13%
CHOW Wai Hung Kenneth	Beneficial owner	3,754,170	—	2.64%
		—	1,877,083 (Note 3)	1.32%

*Notes:*

1. SGL is directly interested in 83,909,350 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. Fletcher is directly interested in 50,000 Shares.
3. These share options were granted by the Company on 19 May 2016 under the Pre-IPO Share Option Scheme.

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

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

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

Save as disclosed above, as at 30 June 2022, none of the Directors or Chief Executive and/or any of their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

### **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed above, at no time during the Period 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 Period had the Directors and the Chief Executive (including their spouses and children under 18 years of age) any interest in, or been granted or exercised, any rights to subscribe for the shares (or warrants or debentures, as applicable) of the Company or any of its associated corporations (within the meaning of the SFO).

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

As at 30 June 2022, substantial shareholders (not being the Directors or Chief Executive) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, as follows:

### Long position in ordinary shares of the Company

Name of substantial shareholders	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total number of issued shares of the Company
Somerley Group Limited	Beneficial owner	83,909,350 (Note 1)	—	58.94%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	86,412,790 (Note 2)	—	60.70%
		—	645,717 (Note 2)	0.45%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	86,412,790 (Note 1)	—	60.70%
		—	645,717 (Note 1)	0.45%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	86,412,790 (Note 3)	—	60.70%
		—	645,717 (Note 3)	0.45%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	86,412,790 (Note 4)	—	60.70%
		—	645,717 (Note 4)	0.45%

*Notes:*

1. SGL is directly interested in 83,909,350 Shares and SGL is wholly-owned by Mr. Sabine, Mr. Fletcher, Mr. Cheung and Ms. FONG Sau Man Cecilia, of whom 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.
2. Dr. Sabine is the spouse of Mr. Sabine. By virtue of the SFO, Dr. Sabine is deemed to be interested in the Shares held by Mr. Sabine.
3. Mrs. Fletcher is the spouse of Mr. Fletcher. By virtue of the SFO, Mrs. Fletcher is deemed to be interested in the Shares held by Mr. Fletcher.
4. Mrs. Cheung is the spouse of Mr. Cheung. By virtue of the SFO, Mrs. Cheung is deemed to be interested in the Shares held by Mr. Cheung.

Save as disclosed above, the Directors and Chief Executive are not aware that there is any party who, as at 30 June 2022, 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.

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 30 June 2022 with the management and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

### SUFFICIENCY OF PUBLIC FLOAT

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

### EVENTS AFTER REPORTING PERIOD

No material subsequent event has occurred in relation to the Company or the Group after 30 June 2022 and up to the date of this report.

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

Hong Kong, 12 August 2022

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