



**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

**THIRD  
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.*

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## 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.

For the six months ended 30 September 2022, the general economic environment for Hong Kong corporate finance business was broadly unhelpful. Subdued Hong Kong IPOs and significant decrease in the volume of M&A transactions dampened the deal activities of the Group’s corporate finance advisory segment. The Group reported interim results of an after-tax loss of approximately HK\$9.4 million.

In response, in the third quarter of the financial year ending 31 March 2023, the Group increased its marketing efforts and tightened cost control. Stock market conditions in Hong Kong and China improved and morale was helped by a loosening of COVID restrictions in China, now confirmed.

	<b>For the three months ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Corporate finance advisory fee income		
— from acting as financial adviser	<b>3,737</b>	4,311
— from acting as independent financial adviser	<b>5,891</b>	7,154
— from acting as compliance adviser	<b>7,343</b>	6,986
— others	<b>—</b>	250
	<b>16,971</b>	18,701
Other income	<b>516</b>	503
Fair value gain (loss) on financial asset at fair value through profit or loss	<b>537</b>	—
Total operating expenses	<b>(16,804)</b>	(19,036)
Profit before tax	<b>1,220</b>	168

For the third quarter of the financial year ending 31 March 2023, the Group recorded a profit before tax of approximately HK\$1.2 million (2021: approximately HK\$0.2 million). The most recent quarter results were helped by a fair value gain on financial assets of approximately HK\$0.5 million. Accordingly, the after-tax loss for the nine months ended 31 December 2022 (the "Period") was reduced to approximately HK\$8.2 million.

The loss for the Period was mainly due to an approximately HK\$12.3 million decrease in revenue during the Period. The corporate finance advisory business segment recorded revenue of approximately HK\$42.2 million (2021: approximately HK\$54.5 million) and a segment loss before tax of approximately HK\$5.5 million (2021: profit before tax of approximately HK\$3.2 million). A segment loss before tax of approximately HK\$0.8 million (2021: approximately HK\$1.1 million) was incurred by the Group's asset management business segment during the Period.

## Prospects

The welcome turnaround to profit for the third quarter of the financial year ending 31 March 2023 was the product of hard work amid generally improving conditions in the Hong Kong corporate finance market. The fourth quarter of the financial year ending 31 March 2023 includes the January Chinese New Year period when activity tends to slow somewhat. With a reasonable level of business in prospect for the months of February and March 2023, the Directors expect that the results for the second half of the financial year ending 31 March 2023 will show a significant improvement over the loss for the first half.

## FINANCIAL REVIEW

### Revenue

The Group's total revenue decreased by approximately 22.6% to approximately HK\$42.2 million for the Period from approximately HK\$54.5 million for the nine months ended 31 December 2021.

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Period amounted to approximately HK\$22.4 million (2021: approximately HK\$35.5 million), accounting for approximately 53.1% of the Group's total revenue (2021: approximately 65.1%). The decrease is mainly due to the unhelpful conditions for corporate finance advisory businesses and fierce fee competition.

Revenue generated from acting as compliance adviser ("CA") for the Period amounted to approximately HK\$19.6 million (2021: approximately HK\$18.7 million), accounting for approximately 46.4% of the Group's total revenue (2021: approximately 34.3%). 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") and reimbursement of other premise expenses from SGL.

## Employee Benefits Costs

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

	For the nine months ended	
	31 December 2022	2021
	HK\$'000	HK\$'000
Fees, salaries, allowances and other benefits	36,170	36,579
Discretionary bonus	—	1,800
Contributions to the retirement benefits scheme	837	813
	<b>37,007</b>	39,192
Analysed as:		
— corporate holding	540	540
— corporate finance advisory (Hong Kong)	34,020	36,200
— corporate finance advisory (Beijing)	1,896	1,909
— asset management	551	543
	<b>37,007</b>	39,192

Employee benefits costs decreased by approximately 5.6% to approximately HK\$37.0 million for the Period from approximately HK\$39.2 million for the nine months ended 31 December 2021. This is primarily due to the absence of discretionary bonus.

## Depreciation and Other Operating Expenses

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

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

	For the nine months ended	
	31 December 2022	2021
	HK\$'000	HK\$'000
Depreciation of property and equipment	544	733
Depreciation of right-of-use asset	5,374	6,372
	<b>5,918</b>	7,105
Other premises expenses	1,522	1,530
Exchange loss, net	748	—
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	1,435	1,212
Others	4,426	4,681
	<b>14,049</b>	14,528
Analysed as:		
— corporate holding	2,231	1,810
— corporate finance advisory (Hong Kong)	10,533	10,855
— corporate finance advisory (Beijing)	995	1,269
— asset management	290	594
	<b>14,049</b>	14,528



The Group's depreciation and other operating expenses decreased by approximately 3.4% to approximately HK\$14.0 million for the Period from approximately HK\$14.5 million for the nine months ended 31 December 2021. The net decrease was mainly due to the decrease in depreciation of right-of-use assets due to lower renewed rental.

## Loss for the period

For the Period, the Group recorded a loss after tax of approximately HK\$8.2 million (2021: profit after tax of approximately HK\$0.2 million). The loss was mainly due to the combined effects of the decrease in revenue of approximately HK\$12.3 million and the net decrease in total operating expenses.

## Future Plans for Material Investments or Capital Assets

As at 31 December 2022, the Group had no capital commitments. 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 31 December 2022.

As at 31 December 2022, the Group was committed a new lease agreement of 3 years in the People's Republic of China (the "PRC"). Future lease payments under the agreement amount to approximately RMB706,000 (equivalent to approximately HK\$798,000) per annum (31 March 2022: nil).

## 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 any interim dividend for the Period (2021: nil).

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

For the nine months ended 31 December 2022

The Board presents the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2022, together with the unaudited comparative figures for the three months and nine months ended 31 December 2021, as follows:

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	16,971	18,701	42,249	54,466
Other income	4	516	503	1,316	1,243
		17,487	19,204	43,565	55,709
Employee benefit costs		(12,381)	(14,363)	(37,007)	(39,192)
Fair value gain (loss) on financial asset at fair value through profit or loss		537	—	(40)	(1)
Depreciation expenses		(1,939)	(2,138)	(5,918)	(7,105)
Introduction expenses		(134)	(238)	(210)	(1,019)
Share of loss of an associate		—	—	(117)	—
Finance cost		(67)	(112)	(232)	(262)
Impairment loss reversed (recognised) in respect of trade receivables		72	285	(160)	(319)
Other operating expenses		(2,355)	(2,470)	(8,131)	(7,423)
Profit (loss) before tax	5	1,220	168	(8,250)	388
Income tax (expenses) credit	6	(62)	(137)	35	(192)
Profit (loss) for the period		1,158	31	(8,215)	196
<i>Other comprehensive income (expense)</i>					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements of foreign operations		7	3	(39)	10
Total comprehensive income (expense) for the period		1,165	34	(8,254)	206

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

*For the nine months ended 31 December 2022*

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit (loss) for the period attributable to:					
Owners of the Company		1,185	62	(8,128)	383
Non-controlling interests		(27)	(31)	(87)	(187)
		<b>1,158</b>	<b>31</b>	<b>(8,215)</b>	<b>196</b>
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		1,192	65	(8,167)	393
Non-controlling interests		(27)	(31)	(87)	(187)
		<b>1,165</b>	<b>34</b>	<b>(8,254)</b>	<b>206</b>
Earnings (loss) per share					
— basic (HK cents)	8	0.83	0.04	(5.71)	0.27
— diluted (HK cents)	8	0.83	0.04	(5.71)	0.26



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Attributable to the owners of the Company									
	Share capital HK\$'000	Share premium 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 2022 (Audited)	1,424	49,639	28,014	4,179	1,946	55	9,900	95,157	257	95,414
Loss for the period	—	—	(8,128)	—	—	—	—	(8,128)	(87)	(8,215)
Other comprehensive expense:										
Exchange differences arising from translation of foreign operation	—	—	—	—	—	(39)	—	(39)	—	(39)
<b>Total comprehensive expense for the period</b>	—	—	(8,128)	—	—	(39)	—	(8,167)	(87)	(8,254)
Dividends recognised as distribution	—	(3,558)	—	—	—	—	—	(3,558)	—	(3,558)
At 31 December 2022 (Unaudited)	1,424	46,081	19,886	4,179	1,946	16	9,900	83,432	170	83,602
At 1 April 2021 (Audited)	1,419	54,765	31,722	4,179	2,115	38	9,900	104,138	405	104,543
Profit (loss) for the period	—	—	383	—	—	—	—	383	(187)	196
Other comprehensive income:										
Exchange differences arising from translation of foreign operation	—	—	—	—	—	10	—	10	—	10
<b>Total comprehensive income (expense) for the period</b>	—	—	383	—	—	10	—	393	(187)	206
Issues of shares upon exercise of share options	1	67	—	—	(43)	—	—	25	—	25
Dividends recognised as distribution	—	(5,395)	—	—	—	—	—	(5,395)	—	(5,395)
Change in ownership interest in a subsidiary that does not result in change of control	—	—	(71)	—	—	—	—	(71)	71	—
At 31 December 2021 (Unaudited)	1,420	49,437	32,034	4,179	2,072	48	9,900	99,090	289	99,379

*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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 31 December 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 is SGL, a company incorporated in Hong Kong with limited liabilities. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 20th Floor, China Building, 29 Queen's Road Central, Central, Hong Kong, respectively.

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

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

## 2. BASIS OF PRESENTATION

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 nine months ended 31 December 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 nine months ended 31 December 2022

## 3. REVENUE

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

	Nine months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Corporate finance advisory fee income		
— from acting as financial adviser	8,496	16,680
— from acting as independent financial adviser	13,929	18,839
— from acting as compliance adviser	19,550	18,697
— others	274	250
	<b>42,249</b>	<b>54,466</b>

## 4. OTHER INCOME

	Nine months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	367	193
Management fee income from ultimate holding company and controlling shareholder	135	129
Office sharing income and reimbursement of other premises expenses from ultimate holding company	580	557
Other	234	364
	<b>1,316</b>	<b>1,243</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

## 5. (LOSS) PROFIT BEFORE TAX

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	540	540
Other emoluments	7,722	7,722
Contributions to the retirement benefits scheme	27	27
	<b>8,289</b>	8,289
Other staff costs (note)	<b>27,838</b>	30,097
Provision for long service payment	70	20
Contributions to the retirement benefits scheme	810	786
Total employee benefits costs	<b>37,007</b>	39,192
Auditor's remuneration	356	367
Exchange loss (gain), net	748	(363)
Impairment loss recognised in respect of trade receivables	160	319

*Note:* Wage subsidies of approximately HK\$1,032,000 (2021: nil) granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees have been recognised during the Period. The amounts had been offset with the employee benefits costs.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

## 6. INCOME TAX (CREDIT) EXPENSES

	Nine months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	—	207
Under (over) provision in prior years:		
Hong Kong	54	72
People's Republic of China	(4)	(68)
Deferred taxation	(85)	(19)
	<b>(35)</b>	192

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Period. For the nine months ended 31 December 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%. No provision for PRC Enterprise Income Tax has been made for the nine months ended 31 December 2022 and 2021 as the Group's subsidiary established in the PRC had no assessable profits arising in the PRC.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

## 7. DIVIDENDS

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

## 8. (LOSS) EARNINGS PER SHARE

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

	Nine months ended 31 December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>(Loss) earnings</b>		
(Loss) profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss) earnings per share calculation	(8,128)	383

	Number of shares 31 December	
	2022	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic (loss) earnings per share calculation ('000)	142,355	141,943
Effect of dilutive potential ordinary shares — share options ('000)	—	4,752
Weighted average number of ordinary shares in issue during the period, used in the diluted (loss) earnings per share calculation ('000)	142,355	146,695

*Note:* For the Period, 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.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving good corporate governance practices and procedures. The Directors believe 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 Dealings").

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 SECURITIES

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

As at 31 December 2022, 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 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	83,991,350 (Note 1)	—	59.00%
	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)	— 645,717 (Notes 2 & 3)	1.60% 0.45%
CHEUNG Tei Sing Jamie ("Mr. Cheung")	Beneficial owner	2,233,440 —	— 645,717 (Note 3)	1.57% 0.45%
	A concert party to an agreement to buy shares described in s317(1)(a)	84,261,350 (Notes 1 & 2)	—	59.19%
CHOW Wai Hung Kenneth	Beneficial owner	3,754,170	—	2.64%
		—	1,877,083 (Note 3)	1.32%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

*Notes:*

1. SGL is directly interested in 83,991,350 Shares. SGL is wholly-owned by Mr. Sabine, Mr. FLETCHER John Wilfred Sword ("Mr. Fletcher"), Mr. Cheung and Ms. FONG Sau Man Cecilia.
2. Mr. Sabine, Mr. Fletcher and Mr. Cheung are acting in concert in respect of their interests in the Company and therefore each of Mr. Sabine, Mr. Fletcher and Mr. Cheung is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. 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 number of 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 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 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 31 December 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 31 December 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	83,991,350 (Note 1)	—	59.00%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	86,494,790 (Note 2)	— 645,717 (Note 2)	60.76% 0.45%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	86,494,790 (Note 1)	— 645,717 (Note 1)	60.76% 0.45%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	86,494,790 (Note 3)	— 645,717 (Note 3)	60.76% 0.45%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	86,494,790 (Note 4)	— 645,717 (Note 4)	60.76% 0.45%

*Notes:*

1. SGL is directly interested in 83,991,350 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 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 31 December 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 (“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 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 mainly reviewing the annual reports and accounts, half-year reports and quarterly reports of the Group, making recommendations to the Board on the appointment and dismissal of external auditors, providing advice in respect of financial reporting, supervising risk management and internal control systems of the Group, reviewing the effectiveness of the internal audit function and monitoring any continuing connected transactions.

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

### EVENTS AFTER THE REPORTING PERIOD

1,051,201 share options were exercised after 31 December 2022. An aggregate of 1,051,201 new Shares at the exercise price of HK\$0.16 have been issued after 31 December 2022.

Save as disclosed above, no material subsequent event has occurred in relation to the Company or the Group after 31 December 2022 and up to the date of approval of this report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this report.

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

Hong Kong, 13 February 2023

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