



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

2021/22
**FIRST
QUARTERLY
REPORT**

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.

Environmental Investment Services Asia Limited (“EISAL”) carries on the Group’s asset management business. The Group is actively considering new projects for EISAL after its resignation as the investment manager of The Climate Impact Asia Fund (“CIAF”) since February 2021.

During the three months ended 30 June 2021 (the “Period”), the Group recorded a loss before tax of approximately HK\$3.5 million (2020: approximately HK\$0.2 million). The loss was mainly due to a subdued environment for corporate finance advisory services and the absence of fair value gain on investment in CIAF. The corporate finance advisory business segment recorded revenue of approximately HK\$14.0 million (2020: approximately HK\$14.3 million) and a segment loss before tax of approximately HK\$2.5 million (2020: approximately HK\$1.9 million). There was no active project undertaken by the asset management business segment during the Period and a segment loss before tax of approximately HK\$0.3 million (2020: approximately HK\$0.4 million) was recorded.

During the Period, the Group recorded a loss after tax of approximately HK\$3.4 million (2020: loss after tax of approximately HK\$0.1 million). The increase in loss was mainly due to (i) approximately HK\$0.4 million decrease in revenue; and (ii) the absence of fair value gain on investment in CIAF of approximately HK\$2.8 million.

Prospects

The first quarter of the year has started slowly, as was the case last year. As noted above, revenue was similar to last year while the increase in loss before tax is mostly due to the absence of fair value gains. Looking forward, the Directors expect the level of activity to pick up in the second quarter with the valuable help of the Group's Beijing team in maintaining contacts. Meanwhile, as envisaged in the Annual Report 2020–21, the Directors are happy to announce the Group's first investment at a cautious level in a one-stop digital finance services company.

FINANCIAL REVIEW

Revenue

The Group's total revenue decreased by approximately 2.8% to approximately HK\$14.0 million for the Period from approximately HK\$14.4 million for the three months ended 30 June 2020.

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Period amounted to approximately HK\$8.3 million (2020: approximately HK\$10.3 million), accounting for approximately 59.3% of the Group's total revenue (2020: approximately 71.5%). The decrease was largely due to a slow down in deal flow and delays in project completion during the Period. Although revenue generated from compliance adviser ("CA") engagements continues to increase, FA and IFA activities are expected to remain the major source of the Group's revenue in the immediate future.

Revenue generated from acting as CA for the Period amounted to approximately HK\$5.7 million (2020: approximately HK\$3.9 million), accounting for approximately 40.7% of the Group's total revenue (2020: approximately 27.1%). 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, government grant, 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 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	
	2021 HK\$'000	2020 HK\$'000
Fees, salaries, allowances and other benefits	12,107	12,189
Contributions to the retirement benefits scheme	264	205
	12,371	12,394
Analysed as:		
— corporate holding	180	180
— corporate finance advisory (Hong Kong)	11,471	11,298
— corporate finance advisory (Beijing)	622	479
— asset management	98	437
	12,371	12,394

Employee benefits costs remained stable at approximately HK\$12.4 million.

Depreciation Expenses and Other Operating Expenses

	For the three months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation expenses of property and equipment	262	258
Depreciation expenses of right-of-use assets	2,548	2,531
	2,810	2,789
Premises-related expenses	580	510
Travelling expenses	44	65
Impairment loss recognised in respect of trade receivables	215	270
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	383	420
Others	1,382	1,230
	5,414	5,284
Analysed as:		
— corporate holding	529	653
— corporate finance advisory (Hong Kong)	4,248	4,132
— corporate finance advisory (Beijing)	415	267
— asset management	222	232
	5,414	5,284

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 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 increased by approximately 1.9% to approximately HK\$5.4 million for the Period from approximately HK\$5.3 million for the three months ended 30 June 2020. The increase was mainly due to the one-off agency cost incurred for the renewal of tenancy agreement of Hong Kong office at China Building.

Loss for the Period

For the Period, the Group recorded a loss before tax of approximately HK\$3.5 million (2020: approximately HK\$0.2 million), and after-tax loss was approximately HK\$3.4 million (2020: approximately HK\$0.1 million). The increase in loss was primarily due to (i) a decrease in revenue due to the continuing difficult operating environment; and (ii) absence of the fair value gain on the investment in CIAF since its full redemption in February 2021.

Future Plans for Material Investments or Capital Assets

The Group had no capital commitments as at 30 June 2021 (31 March 2021: 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 2021.

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 (2020: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

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 2020, as follows:

	Notes	Three months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	14,033	14,396
Other income	4	353	402
		14,386	14,798
Employee benefits costs		(12,371)	(12,394)
Fair value gain on financial asset at fair value through profit or loss		1	2,792
Depreciation		(2,810)	(2,789)
Introduction expenses		(100)	—
Finance cost on lease liabilities		(25)	(86)
Other operating expenses		(2,604)	(2,495)
Loss before tax	5	(3,523)	(174)
Income tax credit	6	126	34
Loss for the period		(3,397)	(140)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		5	3
Total comprehensive expense for the period		(3,392)	(137)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021



	Note	Three months ended	
		2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(3,334)	(32)
Non-controlling interests		(63)	(108)
		(3,397)	(140)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,329)	(29)
Non-controlling interests		(63)	(108)
		(3,392)	(137)
Loss per share — basic and diluted (HK cents)	8	(2.35)	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	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 2020 (audited)	1,413	57,975	23,132	4,179	2,307	(40)	9,900	98,866	1,647	100,513
Loss for the period	—	—	(32)	—	—	—	—	(32)	(108)	(140)
Other comprehensive income:										
Exchange differences arising from translation of foreign operation	—	—	—	—	—	3	—	3	—	3
Total comprehensive (expense) income for the period	—	—	(32)	—	—	3	—	(29)	(108)	(137)
Issue of shares upon exercise of share options	5	319	—	—	(181)	—	—	143	—	143
At 30 June 2020 (unaudited)	1,418	58,294	23,100	4,179	2,126	(37)	9,900	98,980	1,539	100,519
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

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 2021



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 Somerley Group Limited ("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.

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 2021 are the same as those followed in the preparation of the Group's annual report for the year ended 31 March 2021, 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 2021



3. REVENUE

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Corporate finance advisory fee income		
— from acting as financial adviser	3,998	2,636
— from acting as independent financial adviser	4,330	7,707
— from acting as compliance adviser	5,705	3,938
	14,033	14,281
Asset management fee income	—	115
	14,033	14,396

4. OTHER INCOME

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	57	58
Management fee income from ultimate holding company	39	39
Office sharing income and reimbursement of other premises expenses from ultimate holding company	171	174
Others	86	131
	353	402

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

5. LOSS BEFORE TAX

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Directors' emoluments		
Fees	180	180
Other emoluments	2,574	2,574
Contributions to retirement benefits scheme	9	9
	2,763	2,763
Other staff costs	9,353	9,435
Contributions to retirement benefits scheme	255	196
Total employee benefits costs	12,371	12,394
Auditor's remuneration	89	118
Depreciation for property and equipment	262	258
Depreciation for right-of-use assets	2,548	2,531
Impairment loss recognised in respect of trade receivables	215	270
Exchange loss, net	—	2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021



6. INCOME TAX CREDIT

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax:		
Hong Kong	14	22
Over provision in prior years:		
People's Republic of China	(68)	—
Deferred taxation	(72)	(56)
	(126)	(34)

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Period.

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 (2020: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

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	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	(3,334)	(32)
	Number of shares	
	2021	2020
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted loss per share calculation ('000)	141,870	141,383

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 outstanding options to subscribe for additional shares set since their exercise would result in an anti-dilutive effect on the basic 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 and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules except as regards the following:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the Period, the role of the chairman of the Company (the "Chairman") was performed by Mr. SABINE Martin Nevil ("Mr. Sabine"). The office of the chief executive of the Company was not filled; Mr. CHOW Wai Hung Kenneth performed the role of managing director of the Company's operating subsidiary in Hong Kong, Somerley Capital Limited, and the chairman of the Company's operating subsidiary in China, Somerley Capital (Beijing) Limited; Mr. CHEUNG Tei Sing Jamie ("Mr. Cheung") performed the role of vice president of the Somerley Capital Limited, and the Director of the Company's another operating subsidiary in Hong Kong, EISAL. Within the Company, decisions are made collectively by the executive Directors and are discussed with senior management from time to time. The Board believes that this arrangement enables the Company to make decisions and implement follow up actions quickly and helps achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company has a strong corporate governance structure in place to ensure effective oversight of management. The Board will review the current structure of the Board from time to time.

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 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 30 June 2021, the Directors and Chief Executive and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules were as follows:

Long position in ordinary shares of the Company

Name of Directors	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total issued shares of the Company
SABINE Martin Nevil	Interest of a controlled corporation	94,273,350 (Note 1)	—	66.40%
	A concert party to an agreement to buy shares described in s317(1)(a)	2,233,440 (Note 2)	—	1.57%
		—	645,717 (Notes 2 & 3)	0.45%
CHEUNG Tei Sing Jamie	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)	94,273,350 (Note 1)	—	66.40%
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 94,273,350 Shares. SGL is 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.
3. These shares represent the share options granted by the Company on 19 May 2016 under the share option scheme approved and adopted by the Company on 11 May 2016. The Shares comprised in the options shall vest unto the grantees and become exercisable during the period commencing on (i) the date on which the listing 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(s). The exercise price of the options is HK\$0.21 per Share.

Long Position in the ordinary shares of the associated corporations

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

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

Save as disclosed above, as at 30 June 2021, 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 2021, 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	94,273,350 (Note 1)	—	66.40%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	96,506,790 (Note 2)	— 645,717 (Note 2)	67.97% 0.45%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	96,506,790 (Note 1)	— 645,717 (Note 1)	67.97% 0.45%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	96,506,790 (Note 3)	— 645,717 (Note 3)	67.97% 0.45%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	96,506,790 (Note 4)	— 645,717 (Note 4)	67.97% 0.45%

Notes:

1. SGL is directly interested in 94,273,350 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 2021, 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 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 2021 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 2021 and up to the date of this report.

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

Hong Kong, 10 August 2021

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.