



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
2023/24**

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

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

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

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

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

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.

The level of the Group’s corporate finance activity has picked up in the first quarter of the new financial year ending 31 March 2024, matching the level of year-on-year improvement seen in the second half of last financial year. For the three months ended 30 June 2023 (the “Period”), the Group reported an approximately 9.7% increase in revenue compared to the last corresponding period. However, the market environment for Hong Kong corporate finance has remained challenging. A reduced level of IPOs will decrease future opportunities for compliance adviser appointments. Lower stock market turnover tends to affect confidence and price competition remains severe. Consequently, despite the improvement, the Group incurred an after-tax loss, at the level of approximately HK\$1.7 million (2022: approximately HK\$3.7 million). The improvement over 2022 was due to an approximately HK\$1.3 million increase in revenue, an approximately HK\$0.7 million net increase in investment income and an approximately HK\$0.6 million net increase in other income and gain, partially offset by an approximately HK\$0.7 million increase in employee benefits costs.

The corporate finance advisory business segment recorded revenue of approximately HK\$14.7 million (2022: approximately HK\$13.4 million) and a segment loss before tax of approximately HK\$1.2 million (2022: approximately HK\$2.3 million) for the Period. A segment loss before tax of approximately HK\$0.3 million (2022: approximately HK\$0.3 million) was incurred by the Group’s asset management business segment for the Period.

Prospects

The improvement in results is welcome but not enough yet to restore the Group to consistent profitability. Looking ahead, the Group's pipeline of deals is reasonably healthy and the Group is cautiously confident of further gradual improvement in the current market situation. Nonetheless, the general economic environment for the Group's Hong Kong corporate finance advisory business remains uncertain due to a caution among clients to committing to new projects amid continuing high interest rates. Accordingly, the Group expects business to be challenging in the financial year ending 31 March 2024. The Group will actively promote its core business while continuously exploring new business opportunities and adopting a prudent approach to controlling costs.

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately 9.7% to approximately HK\$14.7 million for the Period from approximately HK\$13.4 million for the three months ended 30 June 2022.

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Period amounted to approximately HK\$8.7 million (2022: approximately HK\$7.2 million), accounting for approximately 59.2% of the Group's total revenue (2022: approximately 53.7%). The increase was mainly due to the hard and creative work of the Group's teams in helping clients to bring ongoing transactions to completion.

Revenue generated from acting as compliance adviser ("CA") for the Period amounted to approximately HK\$6.0 million (2022: approximately HK\$6.0 million), accounting for approximately 40.8% of the Group's total revenue (2022: approximately 44.8%). CA activities continue to provide a stable source of income to the Group, complementing the more fluctuating corporate finance advisory income. The Group's teams have worked hard to demonstrate to clients the added value the Group can provide to them through its CA roles.



Investment Income (Loss), Net

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

For the three months ended 30 June	2023	2022
	HK\$'000	HK\$'000
Investment income (loss), net		
Interest income	364	31
Dividends from financial assets at fair value through profit or loss	—	89
Fair value gain (loss) of financial assets at fair value through profit or loss	30	(387)
	394	(267)

Other Income and Gain (Loss), Net

Other income and gain (loss), net mainly represented management service fee income from Somerley Group Limited ("SGL"), office sharing income and reimbursement of other premise expenses from SGL and net exchange difference.

Three months ended 30 June	2023	2022
	HK\$'000	HK\$'000
Other income and gain (loss), net		
Management fee income from ultimate holding company	45	45
Office sharing income and reimbursement of other premises expenses from ultimate holding company	193	193
Exchange loss, net	(54)	(651)
	184	(413)

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	2023 HK\$'000	2022 HK\$'000
Fees, salaries, allowances and other benefits	12,278	11,661
Contributions to the retirement benefits scheme	280	276
	12,558	11,937

Employee benefits costs increased by approximately 5.9% to approximately HK\$12.6 million from approximately HK\$11.9 million for the three months ended 30 June 2022. The increase was mainly due to the absence of the government grant of approximately HK\$0.7 million from the Employment Support Scheme granted for the three months ended 30 June 2022.

Depreciation Expenses and Other Operating Expenses

For the three months ended 30 June	2023 HK\$'000	2022 HK\$'000
Depreciation expenses of property and equipment	195	229
Depreciation expenses of right-of-use assets	1,787	1,798
	1,982	2,027
Other premises expenses	470	491
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	379	415
Others	1,373	1,346
	4,204	4,279



MANAGEMENT DISCUSSION AND ANALYSIS

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 remained at similar level for the Period and three months ended 30 June 2022.

Loss for the Period

For the Period, the Group recorded a loss before tax of approximately HK\$1.7 million (2022: approximately HK\$3.7 million), and after-tax loss was approximately HK\$1.7 million (2022: approximately HK\$3.7 million). The improvement was attributed to an approximately HK\$1.3 million increase in revenue, an approximately HK\$0.7 million net increase in investment income and an approximately HK\$0.6 million net increase in other income and gain, partially offset by an approximately HK\$0.7 million increase in employee benefits costs.

Future Plans for Material Investments or Capital Assets

The Group had no material capital commitment as at 30 June 2023 (31 March 2023: 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 capital assets as at 30 June 2023 and up to the date of this report.

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 (2022: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

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 2022, as follows:

Three months ended 30 June	Notes	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	14,731	13,414
Investment income (loss), net	4	394	(267)
Other income and gain (loss), net	4	184	(413)
Employee benefits costs		(12,558)	(11,937)
Depreciation		(1,982)	(2,027)
Finance cost on lease liabilities		(95)	(87)
Impairment loss recognised in respect of trade receivables		(130)	(179)
Other operating expenses		(2,222)	(2,252)
Loss before tax	5	(1,678)	(3,748)
Income tax (expense) credit	6	(3)	49
Loss for the period		(1,681)	(3,699)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(18)	(24)
Total comprehensive loss for the period		(1,699)	(3,723)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

Three months ended 30 June	Note	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(1,657)	(3,672)
Non-controlling interests		(24)	(27)
		(1,681)	(3,699)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(1,675)	(3,696)
Non-controlling interests		(24)	(27)
		(1,699)	(3,723)
Loss per share — basic and diluted (HK cents)	8	(1.16)	(2.58)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Attributable to the owners of the Company										
	Share capital	Share premium	Treasury shares	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	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	—	—	—	(3,672)	—	—	—	—	(3,672)	(27)	(3,699)
Other comprehensive loss:											
Exchange differences arising from translation of foreign operation	—	—	—	—	—	—	(24)	—	(24)	—	(24)
Total comprehensive loss 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
At 1 April 2023 (audited)	1,434	46,633	(73)	21,193	4,179	1,555	19	9,900	84,840	125	84,965
Loss for the period	—	—	—	(1,657)	—	—	—	—	(1,657)	(24)	(1,681)
Other comprehensive loss:											
Exchange differences arising from translation of foreign operation	—	—	—	—	—	—	(18)	—	(18)	—	(18)
Total comprehensive loss for the period	—	—	—	(1,657)	—	—	(18)	—	(1,675)	(24)	(1,699)
Change in ownership interest in a subsidiary that does not result in change of control	—	—	—	(19)	—	—	—	—	(19)	19	—
Repurchase and cancellation of ordinary shares	(1)	(74)	43	—	—	—	—	—	(32)	—	(32)
At 30 June 2023 (unaudited)	1,433	46,559	(30)	19,517	4,179	1,555	1	9,900	83,114	120	83,234

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 2023

1. GENERAL

The Company was incorporated on 21 April 2016 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on GEM of the Stock Exchange. 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.

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 2023 are the same as those followed in the preparation of the Group's annual report for the year ended 31 March 2023, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

2. BASIS OF PREPARATION (CONTINUED)

Except for the new and amendments to HKFRSs mentioned below, the adoption of all other new and amendments to 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.

Amendments to HKAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and for transactions in which provisions for reinstatement are recognised with the corresponding amounts recognised as part of the cost of the related assets, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption. Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

3. REVENUE

Three months ended 30 June	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Corporate finance advisory fee income		
— from acting as financial adviser	3,705	2,521
— from acting as independent financial adviser	4,984	4,642
— from acting as compliance adviser	6,042	5,977
— others	—	274
	14,731	13,414



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

4. INVESTMENT INCOME (LOSS), NET AND OTHER INCOME AND GAIN (LOSS), NET

Three months ended 30 June	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Investment income (loss), net		
Interest income	364	31
Dividends from financial assets at fair value through profit or loss	—	89
Fair value gain (loss) of financial assets at fair value through profit or loss	30	(387)
	394	(267)

Three months ended 30 June	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Other income and gain (loss), net		
Management fee income from ultimate holding company	45	45
Office sharing income and reimbursement of other premises expenses from ultimate holding company	193	193
Exchange loss, net	(54)	(651)
	184	(413)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

5. LOSS BEFORE TAX

Three months ended 30 June	2023 HK\$'000 (unaudited)	2022 HK\$'000 (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 (note)	9,524	8,907
Contributions to retirement benefits scheme	271	267
Total employee benefits costs	12,558	11,937
Auditor's remuneration	94	85
Depreciation for property and equipment	195	229
Depreciation for right-of-use assets	1,787	1,798
Impairment loss recognised in respect of trade receivables	130	179

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. The amounts have been offset against the employee benefits costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

6. INCOME TAX EXPENSE (CREDIT)

Three months ended 30 June	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current income tax:		
Hong Kong	30	17
Over provision in prior years:		
People's Republic of China	—	(4)
Deferred taxation	(27)	(62)
	3	(49)

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 2023 and 2022, 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 (2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

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	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	(1,657)	(3,672)
Number of shares	2023	2022
	(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)	143,310	142,355

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

The Company repurchased a total of 40,000 ordinary shares of the Company (the "Shares") on the Stock Exchange at an aggregate consideration of HK\$31,500 during the Period (2022: nil) at price ranging from HK\$0.73 to HK\$0.89. The repurchase of the Company's shares by the Directors during the Period was made pursuant to the mandate granted by shareholders at the last annual general meeting of the Company held on 23 August 2022, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. The share repurchase was financed by the Company with its existing available cash. The particulars of the share repurchase are as follows:

Date	Number of shares repurchased	Highest purchase price per share (HK\$)	Lowest purchase price per share (HK\$)	Aggregated amount of purchase price (HK\$)
14 April 2023	2,000	0.89	0.89	1,780
29 June 2023	26,000	0.86	0.79	20,720
30 June 2023	12,000	0.85	0.73	9,000
Total	<u>40,000</u>			<u>31,500</u>

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

As at 30 June 2023, 38,000 Shares were repurchased but not yet cancelled. Additional 82,000 Shares were repurchased at an aggregate consideration of HK\$65,680 in July 2023. An aggregate of 120,000 shares were subsequently cancelled in August 2023.

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

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

As at 30 June 2023, 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	84,810,190 (Note 1)	—	59.18%
	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)	—	1.59%
		—	645,717 (Notes 2 & 3)	0.45%
CHEUNG Tei Sing Jamie ("Mr. Cheung")	Beneficial owner	2,233,440	—	1.56%
	A concert party to an agreement to buy shares described in s317(1)(a)	—	645,717 (Note 3)	0.45%
		85,080,190 (Notes 1 & 2)	—	59.37%
CHOW Wai Hung Kenneth	Beneficial owner	3,754,170	—	2.62%
		—	1,877,083 (Note 3)	1.31%

Notes:

1. SGL is directly interested in 84,810,190 Shares and SGL is wholly-owned by Mr. Sabine, Mr. FLETCHER John Wilfred Sword ("Mr. Fletcher"), Mr. Cheung and Ms. FONG Sau Man Cecilia.
2. Mr. Sabine, Mr. Fletcher and Mr. Cheung are directly interested in 220,000 Shares, 50,000 Shares and 2,233,440 Shares, respectively. In addition, 645,717 Shares represent the share options granted to Mr. Cheung by the Company under the Pre-IPO Share Option Scheme. 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 share options were granted by the Company on 19 May 2016 under the Pre-IPO Share Option Scheme.

Long Position in the ordinary shares of the associated corporations

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

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

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

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

Long position in ordinary shares of the Company

Name of substantial shareholders	Capacity/ Nature of interests	Number of ordinary share(s) held	Number of underlying shares held pursuant to share options	Approximate percentage of the total number of issued shares of the Company
Somerley Group Limited	Beneficial owner	84,810,190 (Note 1)	—	59.18%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	87,313,630 (Note 2)	—	60.93%
		—	645,717 (Note 2)	0.45%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	87,313,630 (Note 1)	—	60.93%
		—	645,717 (Note 1)	0.45%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	87,313,630 (Note 3)	—	60.93%
		—	645,717 (Note 3)	0.45%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	87,313,630 (Note 4)	—	60.93%
		—	645,717 (Note 4)	0.45%



Notes:

1. SGL is directly interested in 84,810,190 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 2023, had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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 2023 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 2023 and up to the date of this report.

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

Hong Kong, 14 August 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.