



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

2018

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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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

The Board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 30 June 2018 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2017, as follows:

	Notes	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	16,730	16,055
Other income	4	136	71
		16,866	16,126
Employee benefits costs		(11,271)	(11,995)
Fair value loss on financial asset at fair value through profit or loss		(762)	—
Depreciation for property and equipment		(215)	(126)
Introduction expenses		(190)	(68)
Other operating expenses		(3,908)	(2,878)
Profit before tax	5	520	1,059
Income tax expenses	6	(232)	(317)
Profit and total comprehensive income for the period attributable to the owners of the Company		288	742
Earnings per share			
— basic (HK cents)	8	0.21	0.55
— diluted (HK cents)	8	0.21	0.54

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to the owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Shareholder contribution reserve HK\$'000	Share option reserve HK\$'000	Other reserve (note) HK\$'000	
At 1 April 2017 (audited)	1,350	65,180	13,618	4,179	2,228	9,900	96,455
Profit and total comprehensive income for the period	—	—	742	—	—	—	742
Effect of share options — share issue	32	1,830	—	—	(971)	—	891
Recognition of equity-settled share-based payments	—	—	—	—	196	—	196
At 30 June 2017 (unaudited)	<u>1,382</u>	<u>67,010</u>	<u>14,360</u>	<u>4,179</u>	<u>1,453</u>	<u>9,900</u>	<u>98,284</u>
At 1 April 2018 (audited)	1,386	67,270	19,506	4,179	1,837	9,900	104,078
Profit and total comprehensive income for the period	—	—	288	—	—	—	288
Effect of share options — share issue	8	484	—	—	(257)	—	235
Recognition of equity-settled share-based payments	—	—	—	—	188	—	188
At 30 June 2018 (unaudited)	<u>1,394</u>	<u>67,754</u>	<u>19,794</u>	<u>4,179</u>	<u>1,768</u>	<u>9,900</u>	<u>104,789</u>

Note: Other reserve represented the difference between the nominal amount of the share capital of Somerley Capital Limited ("Somerley Capital") and the nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 9 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

1. GENERAL

The Company was incorporated on 21 April 2016 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Somerley Group Limited ("SGL"), a company incorporated in Hong Kong with limited liabilities. The addresses of the registered office and the principal place of business of the Company are 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 only operating subsidiary is mainly engaged in the provision of corporate finance advisory 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 2018 are the same as those followed in the preparation of the Group's annual report for the year ended 31 March 2018, 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. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

The unaudited condensed consolidated financial statements for the three months ended 30 June 2018 have not been audited by the Company's independent auditors, but have been reviewed by the Company's audit committee (the "Audit Committee").

3. REVENUE

Revenue represented revenue arising on provision of corporate finance advisory services during the Period:

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fee income from acting as financial adviser	6,237	5,590
Fee income from acting as independent financial adviser	7,477	7,715
Fee income from acting as compliance adviser	1,917	1,688
Fee income from acting as sponsor	1,000	1,000
Others	99	62
	16,730	16,055

4. OTHER INCOME

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	114	—
Management fee income from ultimate holding company	22	35
Others	—	36
	136	71

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

5. PROFIT BEFORE TAX

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	180	180
Other emoluments	2,484	2,484
Share-based payments	69	69
Contributions to retirement benefits scheme	9	9
	2,742	2,742
Other staff costs	8,244	8,989
Share-based payments	119	127
Contributions to retirement benefits scheme	166	137
Total employee benefits costs	11,271	11,995
Auditor's remuneration	100	92
Exchange loss (gain), net	3	(15)
Operating lease rental payments for rented premises	1,821	1,276

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

6. INCOME TAX EXPENSES

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	192	—
Deferred taxation	40	317
	<hr/>	<hr/>
	232	317
	<hr/>	<hr/>

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. No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits for the three months ended 30 June 2017.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the Period (2017: nil).

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in providing corporate finance advisory services in Hong Kong. The services of the Group 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 "Listing Rules"), the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code"), including acting as arranger in connection with the introduction of investors to listed companies in Hong Kong and/or their major shareholders in a takeover transaction; (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, mostly for newly listed companies in Hong Kong; and (iv) acting as sponsor to initial public offering and listings of shares of companies on the Stock Exchange in Hong Kong (the "IPO") and managing and underwriting equity issues in Hong Kong.

Total revenue of the Group amounted to approximately HK\$16.7 million for the Period (2017: approximately HK\$16.1 million).

With the Group's strong and experienced corporate finance teams, financial advisory work has continued to be the Group's major revenue stream, generating approximately 82.0% (2017: approximately 82.6%) of the Group's total revenue.

Building on the successful completion of 2 sponsorship engagements last financial year, the Group is committed to participate actively in the IPO market in Hong Kong and had 2 work-in-progress sponsorship engagements as at 30 June 2018.

During the Period, the activation of the new subsidiary in Beijing, Somerley Capital (Beijing) Limited continued and should be completed in September 2018. Negotiations also progressed for the entry into the asset management business through investment in Environmental Investment Service Asia Limited ("EISAL"), as announced on 10 July 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules and/or the Takeovers Code in the capacity of financial advisers; (ii) giving opinions or recommendations to the independent board committees and/or the independent shareholders of listed companies in the capacity of independent financial advisers; (iii) managing and coordinating the execution of IPO engagements in the capacity of sponsors; and (iv) underwriting securities and identifying subscribers.

Total revenue of the Group grew by approximately 3.7% to approximately HK\$16.7 million for the Period from approximately HK\$16.1 million for the three months ended 30 June 2017.

Revenue generated from acting as financial adviser and as independent financial adviser for the Period amounted to approximately HK\$13.7 million (2017: approximately HK\$13.3 million), accounting for approximately 82.0% of the Group's total revenue (2017: approximately 82.6%). These activities are expected to remain the major sources of the Group's revenue in the immediate future.

Revenue generated from acting as compliance adviser for the Period amounted to approximately HK\$1.9 million (2017: approximately HK\$1.7 million), accounting for approximately 11.4% of the Group's total revenue (2017: approximately 10.6%).

Revenue generated from acting as sponsor for the Period amounted to approximately HK\$1.0 million (2017: approximately HK\$1.0 million), accounting for approximately 6.0% of the Group's total revenue (2017: approximately 6.2%).

Other Income

Other income mainly represented the bank interest income, the management service fee income from SGL and exchange differences.

Employee Benefits Costs

The Group's employee benefits costs primarily consist of salaries, bonuses, share-based payments and allowances as well as contributions to the mandatory provident fund for the Directors and employees of the Group. Employee benefits costs decreased to approximately HK\$11.3 million for the Period from approximately HK\$12.0 million for the three months ended 30 June 2017 primarily due to the combined effects of (i) an increment in basic salary for the Period; and (ii) absence of accrued bonus (2017: approximately HK\$1.8 million).

Other Operating Expenses

The Group's other operating expenses increased to approximately HK\$3.9 million for the Period from approximately HK\$2.9 million for the three months ended 30 June 2017. Other operating expenses were mainly rental expenses, travelling expenses, professional fees and other expenses, including utility expenses, building management fees, telecommunication expenses and insurance expenses. The increase was mainly due to the (i) the increase in rental expenses as a result of office expansion; (ii) recognition of business continuity expenses; and (iii) increase in professional expenses due to specific needs of certain advisory engagements.

Income Tax Expenses

The Group's income tax expenses were at a similar level for the three months ended 30 June 2017 and 2018.

Profit for the Period

For the Period, the Group made a profit before tax of approximately HK\$0.5 million (2017: approximately HK\$1.1 million) and profit attributable to owners of the Company was approximately HK\$0.3 million (2017: approximately HK\$0.7 million). The net decrease was primarily due to the combination of positive and negative effects of (i) approximately HK\$0.6 million increase in revenue; (ii) approximately HK\$0.7 million decrease in employee benefits costs; (iii) approximately HK\$0.1 million increase in introduction expenses paid for business referrals; and (iv) the increase in other operating expenses and the fair value loss on financial asset at fair value through profit or loss.

INTERIM DIVIDEND

The Board is not declaring the payment of an interim dividend for the Period (2017: Nil).

SIGNIFICANT INVESTMENTS HELD

Except for investments in subsidiaries, the Group did not hold any significant investments during the Period (2017: nil).

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 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 ("Mr. Chow") performed the role of managing director of the Company's only operating subsidiary, Somerley Capital. 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 of any competing business that they themselves are currently conducting or is being conducted by their connected or related parties 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 2018, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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	91,531,350 (Note 1)	—	65.63%
	A concert party to an agreement to buy shares described in s317(1)(a)	1,291,440 (Note 2)	—	0.93%
		—	645,717 (Notes 2 & 3)	0.46%
CHEUNG Tei Sing Jamie ("Mr. Cheung")	Beneficial owner	1,291,440 —	— 645,717 (Note 3)	0.93% 0.46%
	A concert party to an agreement to buy shares described in s317(1)(a)	91,531,350 (Note 1)	—	65.63%
CHOW Wai Hung Kenneth	Beneficial owner	3,754,170 —	— 1,877,083 (Note 3)	2.69% 1.35%

Notes:

1. SGL is directly interested in 91,531,350 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.
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\$0.28 per Share.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in 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 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 30 June 2018, 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 2018, 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:

CORPORATE GOVERNANCE AND OTHER INFORMATION

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	91,531,350 (Note 1)	—	65.63%
SABINE Maureen Alice ("Dr. Sabine")	Interest of a spouse	92,822,790 (Note 2)	—	66.55%
		—	645,717 (Note 2)	0.46%
FLETCHER John Wilfred Sword	A concert party to an agreement to buy shares described in s317(1)(a)	92,822,790 (Note 1)	—	66.55%
		—	645,717 (Note 1)	0.46%
FLETCHER Jacqueline ("Mrs. Fletcher")	Interest of a spouse	92,822,790 (Note 3)	—	66.55%
		—	645,717 (Note 3)	0.46%
CHOI Helen Oi Yan ("Mrs. Cheung")	Interest of a spouse	92,822,790 (Note 4)	—	66.55%
		—	645,717 (Note 4)	0.46%

Notes:

1. SGL is directly interested in 91,531,350 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 Dr. 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 2018, 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.

Compliance Adviser's Interests

Neither Halcyon Capital Limited nor any of its directors or employees or close associates had any interest in the shares of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2018.

Pursuant to the agreement dated 31 May 2016 entered between Halcyon Capital Limited and the Company, Halcyon Capital Limited received and will receive fees for acting as the Company's compliance adviser.

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. HIGGS Jeremy James and Mr. YUEN Kam Tim Francis. 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 2018 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 as at the latest practicable date prior to the issue of this report.

Events after reporting period

On 10 July 2018, the Company entered into agreements with EISAL that the Company intends to acquire, in aggregate, approximately 74.78% interest in EISAL through two subscriptions of new shares in EISAL and offers to acquire existing shares of EISAL from certain shareholders (the “Agreements”). Immediately prior to the entering into of the Agreements, EISAL was held as to approximately 32.7% by Mr. HIGGS Jeremy James, an independent non-executive Director. Part of the consideration payable under the Agreements is to be satisfied by the issue of new Shares. The transactions contemplated under the Agreements constitute share and connected transactions pursuant to Chapters 19 and 20 of the GEM Listing Rules. The Company completed the first subscription of approximately 9.97% of the enlarged share capital in EISAL at a total consideration of US\$144,000 on 10 July 2018. The completion of second subscription of the Agreements is subject inter alia to the consent of the Hong Kong Securities and Futures Commission in relation to the change of substantial shareholder of EISAL. For details, please refer to the Company’s announcement dated 10 July 2018.

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

Hong Kong, 8 August 2018

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. HIGGS Jeremy James and Mr. YUEN Kam Tim Francis.