



SOMERLEY CAPITAL HOLDINGS LIMITED

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 RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

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

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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 announcement, 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 announcement 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 announcement misleading.

FIRST QUARTERLY FINANCIAL HIGHLIGHTS

- The Group's total revenue decreased by approximately 7.8% to approximately HK\$15.4 million for the three months ended 30 June 2019 (the "Period") from approximately HK\$16.7 million for the three months ended 30 June 2018.
- Revenue generated from acting as financial adviser and as independent financial adviser for the Period amounted to approximately HK\$10.3 million (2018: approximately HK\$13.7 million), accounting for approximately 66.9% of the Group's total revenue (2018: approximately 82.0%).
- Revenue generated from acting as compliance adviser for the Period increased significantly to approximately HK\$4.2 million (2018: approximately HK\$1.9 million), accounting for approximately 27.3% of the Group's total revenue (2018: approximately 11.4%).
- Revenue generated from acting as sponsor and underwriter for the Period amounted to approximately HK\$0.4 million (2018: approximately HK\$1.0 million), accounting for approximately 2.6% of the Group's total revenue (2018: approximately 6.0%).
- Other revenue, mainly arising from the provision of asset management services, litigation support services, pitch support services and merger & acquisition advisory services during the Period, amounted to approximately HK\$0.5 million (2018: approximately HK\$0.1 million).
- For the Period, the Group recorded a loss before tax of approximately HK\$2.6 million (2018: profit before tax of approximately HK\$0.5 million), and after-tax loss was approximately HK\$2.6 million (2018: profit after tax of approximately HK\$0.3 million). The loss was primarily due to (i) a decrease in revenue due to a slow down in deal flow and delays in project completion during the Period; and (ii) an increase in operating expenses as a result of the Group's expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in providing (i) corporate finance advisory services in Hong Kong and through its subsidiaries in Hong Kong and Beijing; and (ii) asset management services in Hong Kong.

The corporate finance advisory 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 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, mostly for newly listed companies in Hong Kong; and (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.

Environmental Investment Services Asia Limited (“EISAL”) has become a subsidiary of the Group since December 2018. EISAL is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. EISAL is a founding member of the Hong Kong Green Finance Association, an initiative to position Hong Kong as a leading international green finance hub. EISAL, in collaboration with WWF Hong Kong, is presently working towards the launch of an innovative climate impact fund focused on low carbon listed equity investments in the Asian region. Detailed preparations are in hand for the marketing of this fund before the end of this financial year. The acquisition of EISAL will extend the Group’s activities and should complement its efforts in participating in initial public offerings and developing an equity capital markets capability.

During the Period, the Group recorded a loss after tax of approximately HK\$2.6 million (2018: profit after tax of approximately HK\$0.3 million). Total revenue was approximately HK\$15.4 million for the Period, representing a decrease of approximately 7.8% as compared with the corresponding period of last year. As noted in the Company's profit warning announcement dated 8 July 2019, this was primarily due to a slow down in deal flow and delays in project completion during the Period. In addition, there was an increase in operating expenses (excluding the fair value change on a financial asset through profit or loss) for the Period to approximately HK\$18.6 million, representing an increase of approximately 19.2% as compared with the corresponding period of last year. This was due mainly to the inclusion of EISAL in the consolidated accounts of the Group, the establishment of the Group's Beijing subsidiary and upward pressure on salaries and other operating expenses. Please note that the significant increase in "depreciation expenses of right-of-use asset" and the significant decrease in "rental expenses and other premise expenses" noted below, which are largely off-setting, are due to the adoption of Hong Kong Financial Reporting Standards 16 Leases ("HKFRS 16") as explained below and are not to any changes in the Group's lease agreements or method of operating.

The first quarter of the Group's financial year has been a difficult one, as evidenced by the Group's results and the comments made above. This reflects slow down in corporate finance market activities, with Mergermarket commenting for example that the value of mergers and acquisitions in Asia ex-Japan in the first half of calendar year 2019 dropped by 36% to the lowest level since 2013. The Group has not seen any pick-up in its revenue for the month of July 2019 over the average levels for the Period. The Group expects market conditions for corporate finance transactions to remain challenging in the months up to 30 September 2019, the date at which the Group will report its interim results for 2019/20.

FINANCIAL REVIEW

Revenue

The Group's total revenue decreased by approximately 7.8% to approximately HK\$15.4 million for the Period from approximately HK\$16.7 million for the three months ended 30 June 2018.

Revenue generated from acting as financial adviser ("FA") and as independent financial adviser ("IFA") for the Period amounted to approximately HK\$10.3 million (2018: approximately HK\$13.7 million), accounting for approximately 66.9% of the Group's total revenue (2018: approximately 82.0%). The decrease was largely due to a slow down in deal flow and delays in project completion during the Period. FA and IFA activities are expected to remain the major source of the Group's revenue in the immediate future.

There was a relatively significant increase in revenue generated from acting as compliance adviser for the Period to approximately HK\$4.2 million (2018: approximately HK\$1.9 million), accounting for approximately 27.3% of the Group's total revenue (2018: approximately 11.4%). During the year of 2018, the Group secured additional compliance advisory mandates as a result of the increase in the number of newly listed companies in Hong Kong with particular success in representing the new category of pre-revenue biotech companies. The Group is the market leader in this category.

Revenue generated from acting as sponsor and underwriter for the Period amounted to approximately HK\$0.4 million (2018: approximately HK\$1.0 million), accounting for approximately 2.6% of the Group's total revenue (2018: approximately 6.0%). The slowdown in sponsorship work is in line with the difficult market conditions.

Other revenue, mainly arising from the provision of asset management services, litigation support services, pitch support services and merger & acquisition advisory services during the Period, amounted to approximately HK\$0.5 million (2018: approximately HK\$0.1 million).

Other Income

Other income mainly represented bank interest income, management service fee income from Somerley Group Limited ("SGL"), rental income and reimbursement of other premise expenses from SGL. Other income increased to approximately HK\$0.5 million for the Period from approximately HK\$0.1 million for the three months ended 30 June 2018, primarily due to (i) increase in interest income from bank deposits; and (ii) office sharing income and reimbursement of other premises expenses from SGL starting from 1 July 2018.

Employee Benefits Costs

The Group's employee benefits costs primarily consist of fees, salaries, bonuses, share-based payments and allowances as well as contributions to the mandatory provident fund for the Directors and employees of the Group.

	For the three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Fees, salaries, allowances and other benefits	11,870	10,908
Share-based payments	127	187
Retirement benefits scheme contributions	267	176
	<u>12,264</u>	<u>11,271</u>

Employee benefits costs increased by approximately 8.8% to approximately HK\$12.3 million for the Period from approximately HK\$11.3 million for the three months ended 30 June 2018, primarily due to the combined effects of (i) the increments in basic salaries during the Period; and (ii) increase in headcount as a result of the establishment of the Beijing subsidiary and inclusion of EISAL in the Group.

Depreciation Expenses and Other Operating Expenses

	For the three months ended	
	30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation expenses of property and equipment	272	215
Depreciation expenses of right-of-use asset	2,246	—
	2,518	215
Rental expenses and other premises expenses	782	2,209
Travelling expenses	102	122
Impairment loss recognised in respect of trade receivables	83	—
Recurring GEM listing expenses (excluding remuneration of independent non-executive directors)	716	627
Others	1,663	950
	5,864	4,123

During the Period, the Group has 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 rental expenses, 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 43.9% to approximately HK\$5.9 million for the Period from approximately HK\$4.1 million for the three months ended 30 June 2018, at which date the Group's previous office sharing agreement expired. The increase was mainly due to an increase in rental under the Group's new office lease and the general increase in expenses as a result of the Group's expansion.

(Loss) profit for the Period

For the Period, the Group recorded a loss before tax of approximately HK\$2.6 million (2018: profit before tax of approximately HK\$0.5 million), and after-tax loss was approximately HK\$2.6 million (2018: profit after tax of approximately HK\$0.3 million). The loss was primarily due to (i) a decrease in revenue due to a slow down in deal flow and delays in project completion during the Period; and (ii) an increase in operating expenses as a result of the Group's expansion.

Significant Investments

Except for investments in subsidiaries, the Company did not hold any significant investments during the Period (2018: nil).

Interim Dividend

The board of Directors (the "Board") does not recommend the payment of interim dividend for the Period (2018: nil).

THE FINANCIAL STATEMENTS

FIRST QUARTERLY RESULTS

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 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

	<i>Notes</i>	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Revenue	3	15,446	16,730
Other income	4	471	136
		15,917	16,866
Employee benefits costs		(12,264)	(11,271)
Fair value loss on financial asset at fair value through profit or loss		—	(762)
Depreciation expenses		(2,518)	(215)
Introduction expenses		(320)	(190)
Finance cost		(111)	—
Other operating expenses		(3,346)	(3,908)
(Loss) profit before tax	5	(2,642)	520
Income tax credit (expense)	6	11	(232)
(Loss) profit for the period		(2,631)	288
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(5)	—
Total comprehensive (expense) income for the period		(2,636)	288

	<i>Notes</i>	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
(Loss) profit for the period attributable to:			
Owners of the Company		(2,479)	288
Non-controlling interests		(152)	—
		<u>(2,631)</u>	<u>288</u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(2,484)	288
Non-controlling interests		(152)	—
		<u>(2,636)</u>	<u>288</u>
(Loss) earnings per share			
— basic (<i>HK cents</i>)	8	<u>(1.76)</u>	<u>0.21</u>
— diluted (<i>HK cents</i>)	8	<u>(1.76)</u>	<u>0.21</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Attributable to the owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Retained earnings	Shareholder contribution reserve	Share option reserve	Translation reserve	Other reserve (Note)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018 (audited)	1,386	67,270	19,506	4,179	1,837	—	9,900	104,078	—	104,078
Profit and total comprehensive income for the period	—	—	288	—	—	—	—	288	—	288
Issue of shares upon exercise of share options	8	484	—	—	(257)	—	—	235	—	235
Recognition of equity-settled share-based payments	—	—	—	—	188	—	—	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>—</u>	<u>9,900</u>	<u>104,789</u>	<u>—</u>	<u>104,789</u>
At 31 March 2019 (audited)	1,410	64,847	29,118	4,179	2,029	4	9,900	111,487	3,020	114,507
Impact of adopting HKFRS 16	—	—	(170)	—	—	—	—	(170)	—	(170)
At 1 April 2019 (unaudited)	1,410	64,847	28,948	4,179	2,029	4	9,900	111,317	3,020	114,337
Loss for the period	—	—	(2,479)	—	—	—	—	(2,479)	(152)	(2,631)
Other comprehensive expense:										
Exchange differences arising from translation of foreign operation	—	—	—	—	—	(5)	—	(5)	—	(5)
Total comprehensive expense for the period	—	—	(2,479)	—	—	(5)	—	(2,484)	(152)	(2,636)
Recognition of equity-settled share-based payments	—	—	—	—	127	—	—	127	—	127
At 30 June 2019 (unaudited)	<u>1,410</u>	<u>64,847</u>	<u>26,469</u>	<u>4,179</u>	<u>2,156</u>	<u>(1)</u>	<u>9,900</u>	<u>108,960</u>	<u>2,868</u>	<u>111,828</u>

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 2019

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 2019 are the same as those followed in the preparation of the Group's annual report for the year ended 31 March 2019, 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 except for the adoption of new or revised HKFRSs as described below:

Adoption of HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It results in almost all leases being recognised on the consolidated statements of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated statement of profit or loss and other comprehensive income over the lease period on a straight-line basis.

The associated right-of-use assets were measured at their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. The right-of-use assets were recognised in the consolidated statement of financial position. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

	31 March		1 April
	2019	Adjustment	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Condensed consolidated statement of financial position (extract)			
Non-current			
Property and equipment	4,659	18,492	23,151
Lease liability	—	16,639	16,639
Current			
Lease liability	—	2,023	2,023
Capital and reserves			
Retained earnings	29,118	(170)	28,948

The unaudited condensed consolidated financial statements for the three months ended 30 June 2019 and the comparative figures 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

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Fee income from acting as financial adviser	3,115	6,237
Fee income from acting as independent financial adviser	7,158	7,477
Fee income from acting as compliance adviser	4,239	1,917
Fee income from acting as sponsor	400	1,000
Asset management fee income	85	—
Others	449	99
	15,446	16,730

4. OTHER INCOME

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Bank interest income	297	114
Management fee income from ultimate holding company	—	22
Office sharing income and reimbursement of other premises expenses from ultimate holding company	174	—
	471	136

5. (LOSS) PROFIT BEFORE TAX

	Three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging:		
Directors' emoluments		
Fees	180	180
Other emoluments	2,574	2,484
Share-based payments	53	69
Contributions to retirement benefits scheme	9	9
	2,816	2,742
Other staff costs	9,116	8,244
Share-based payments	74	119
Contributions to retirement benefits scheme	258	166
Total employee benefits costs	12,264	11,271
Auditor's remuneration	125	100
Depreciation expenses (note)	2,518	215
Exchange loss, net	58	3
Operating lease rental payments for rented premises	—	1,821

Note:

Depreciation on right-of-use assets of approximately HK\$2,246,000 (2018: nil) is included in depreciation upon application of HKFRS 16 since 1 April 2019.

6. INCOME TAX (CREDIT) EXPENSE

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	—	192
Deferred taxation	(11)	40
	<u>(11)</u>	<u>232</u>

No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the Period. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the three months ended 30 June 2018.

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 Directors do not recommend the payment of interim dividend for the Period (2018: nil).

8. (LOSS) EARNINGS PER SHARE

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

	Three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss) earnings per share calculation	<u>(2,479)</u>	<u>288</u>

	Number of shares	
	2019	2018
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic (loss) earnings per share calculation ('000)	140,989	138,927
Effect of dilutive potential ordinary shares ('000)	<u>—</u>	<u>946</u>
Weighted average number of ordinary shares in issue during the period, used in the diluted (loss) earnings per share calculation ('000)	<u>140,989</u>	<u>139,873</u>

Note:

For the Period, diluted loss per share is same as basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's outstanding options to subscribe for additional shares set since their exercise would result in an anti-dilutive effect on the basic loss per share.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 during the Period.

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 2019 with the management and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Events after reporting period

No material subsequent event has occurred in relation to the Company or the Group after 30 June 2019 and up to the date of this announcement.

PUBLICATION OF FIRST QUARTERLY RESULTS AND FIRST QUARTERLY REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkgem.com) and the Company (www.somerleycapital.com). The first quarterly report of the Company for the three months ended 30 June 2019 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 14 August 2019

As at the date of this announcement, 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.somerleycapital.com.