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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)

SHARE AND CONNECTED TRANSACTION

The board of directors (the “Director(s)”) of Somerley Capital Holdings Limited (“Somerley”) is pleased to announce that terms and conditions have been agreed (the “Agreements”) for Somerley to become the majority shareholder in Environmental Investment Services Asia Limited (“EISAL”). EISAL is a Hong Kong-based investment management company specialising in the Asian low carbon environmental sector and manages the Green Dragon Fund which invests in companies with significant exposure to that sector operating within the Asia Pacific region. EISAL is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) 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.

The Agreements are structured partly through the issue of new shares in EISAL (the “Subscription Agreement”) and partly by the acquisition of existing shares from existing shareholders (the “Offer”) other than Mr. Higgs Jeremy James (“Mr. Higgs”) and Mr. Tim Leung (“Mr. Leung”), who will continue to act as Responsible Officers of EISAL and will retain a minority shareholding in EISAL. Somerley intends to assist EISAL in growing the assets of the Green Dragon Fund and expanding its specialist environmental investment management business by launching potential new low carbon and impact investment funds.

Through the Agreements, Somerley, which currently controls a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, will be able to extend and strengthen its financial services platform by the inclusion of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The Directors believe this will complement Somerley's progress in participating in initial public offerings and developing an equity capital markets capability.

Immediately prior to the entering into of the Agreements, EISAL was held as to approximately 32.7% by Mr. Higgs, as to approximately 5.8% by Mr. Leung and as to approximately 61.5% by 5 individual investors. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, each of Mr. Leung and the 5 individual investors is a third party independent of Somerley and its connected persons. Mr. Higgs is an independent non-executive director of Somerley and consequently the transactions contemplated under the Agreements are connected transactions for Somerley pursuant to Chapter 20 of The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). As the applicable ratios calculated in accordance with the GEM Listing Rules are below 5% and part of the consideration of the Agreements is to be satisfied by the issue of new shares in Somerley ("Somerley Shares"), the Agreements constitute a share and connected transaction subject to the reporting and announcement requirements but exempt from the circular and the independent shareholders' approval requirements under the GEM Listing Rules.

Somerley is a corporate financial services group headquartered in Hong Kong. The terms of the Agreements were arrived at based on arms length negotiations taking into account the potential of the Green Dragon Fund and other funds being developed by EISAL.

For the two years ended 30th June, 2017, the net loss of EISAL (both before and after taxation) was approximately HK\$1.21 million and HK\$1.35 million respectively. At 30th June, 2017, the net assets of EISAL were approximately HK\$1.74 million.

1. The Subscription Agreement

The principal terms of the Subscription Agreement are as follows:

Date: 10th July, 2018

Parties: (a) Somerley as subscriber; and
(b) EISAL as the issuer of new ordinary shares (“EISAL Shares”)

First Subscription: Somerley subscribed in cash for 240,000 new EISAL Shares at an issue price of US\$0.60 per EISAL Share, at a total cost of US\$144,000 (approximately HK\$1,122,000), representing 9.97% of the share capital of EISAL as enlarged by the First Subscription. The new EISAL Shares will rank pari passu in all respects with the EISAL Shares currently in issue. The First Subscription was not subject to any material conditions and was completed on 10th July, 2018.

Second Subscription: Somerley will subscribe in cash for a further 900,000 EISAL Shares at an issue price of US\$0.60 per EISAL Share at a total cost of US\$540,000 (approximately HK\$4,207,000), representing 27.2% of the share capital of EISAL as enlarged by the completion of the First Subscription and the Second Subscription.

Completion of the Second Subscription is subject to the following main conditions:

- (i) consent of the Hong Kong Securities and Futures Commission to Somerley becoming the controlling shareholder of EISAL;
- (ii) compliance by Somerley with all relevant GEM Listing Rules including, to the extent necessary, the publication of any announcement or circular or independent shareholder approval in respect of the Second Subscription;

- (iii) the Type 4 and Type 9 licences of EISAL remaining in full force and effect at completion of the Second Subscription and Mr. Higgs and Mr. Leung remaining in place as Responsible Officers; and
- (iv) Somerley controlling over 50% of the enlarged issued share capital of EISAL taking into account the First Subscription, Second Subscription and acceptances of the Offer (see section 2 below).

Completion of the Second Subscription is expected to take place on or before 31st December, 2018. On completion of the Second Subscription, Mr. Higgs will resign as an independent non-executive Director of Somerley.

2. The Offer

Following completion of the First Subscription, Somerley will make an offer to purchase 1,333,334 of EISAL Shares (i.e. all the EISAL Shares other than those owned by Mr. Higgs and Mr. Leung) at a consideration of US\$0.60 per EISAL Share on the following terms:

For every ordinary share US\$0.30 in cash + 1.14 new Somerley Shares

Approximately 1,520,000 Somerley Shares will be issued on full acceptance of the Offer, equivalent to about 1.1% of the issued share capital of Somerley as at the date of date of this announcement and of the issued share capital as enlarged by the issue of the new Somerley Shares. The 1,520,000 new Somerley Shares will be allotted and issued pursuant to the general mandate.

Somerley Shares will be issued in board lots of 2,000 shares only. Instead of receiving an odd lot, in respect of Somerley Shares which would constitute an odd lot, an accepting EISAL shareholder will receive cash at the rate of HK\$2.05 per Somerley Share.

The EISAL Shares will be acquired free of all liens, charges and encumbrances and together will all rights attaching to them at the date the Offer is made.

The Somerley Shares will be issued at a price of HK\$2.05 per share and will rank pari passu with the Somerley shares in issue at the time of the close of the Offer. For the avoidance of doubt, they will not rank for the final dividend for the year ended 31st March, 2018. Application will be made to the Stock Exchange for the listing of and permission to deal in the Somerley Shares.

Closing of the Offer is inter-conditional on the closing of the Second Subscription, and is also conditional on the holding of Somerley at the date of completion of the Offer and the Second Subscription exceeding 50% of the issued share capital of EISAL.

The effect of the Subscriptions and the Offer, assuming full acceptance, on the issued share capital of EISAL and its ownership will be as follows (all figures are approximate):

	Total	To be owned by Somerley	
	<i>000 shares</i>	<i>000 shares</i>	<i>%**</i>
Presently in issue	2,167	1,333*	40.3
First Subscription	240	240	7.3
Second Subscription	<u>900</u>	<u>900</u>	<u>27.2</u>
Total	<u><u>3,307</u></u>	<u><u>2,473</u></u>	<u><u>74.8</u></u>

* *To be purchased from EISAL shareholders other than the 834,000 EISAL Shares currently in issue and held by Mr. Higgs and Mr. Leung.*

** *Percentage of enlarged share capital*

On the basis of a value of the existing and new EISAL Shares of US\$0.60 per EISAL Share, the consideration for Somerley's total investment will be approximately US\$1,484,000 (equivalent to approximately HK\$11,560,000 based on the issue price of HK\$2.05 per Somerley Share to be issued under the Offer and USD vs HKD exchange rate of 7.79).

The Directors (including the independent non-executive Directors other than Mr. Higgs who abstained from voting at the Directors' meeting to consider the Agreements) believe that, while the Agreements are not in the ordinary course of Somerley's business to-date, the terms of the Agreements are fair and reasonable, on normal commercial terms and in the interests of Somerley and its shareholders as a whole.

We are very pleased that agreement has been reached for EISAL to join the Somerley Group and look forward to working with our new colleagues.

for and on behalf of
Somerley Capital Holdings Limited
SABINE Martin Nevil
Chairman

Hong Kong, 10 July 2018

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

This announcement, for which the Directors 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 for the purpose of giving information with regard to 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.

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”