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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)

(1) COMPLETION OF SHARE AND CONNECTED TRANSACTION
(2) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND CHANGE OF COMPOSITION OF BOARD COMMITTEES
AND
(3) NON-COMPLIANCE WITH RULES 5.05(1) AND 5.28 OF
GEM LISTING RULES AND CODE PROVISION A.5.1 OF
CORPORATE GOVERNANCE CODE OF GEM LISTING RULES

Reference is made to the announcement of Somerley Capital Holdings Limited dated 10 July 2018 (the “Announcement”) in relation to, among others, the Second Subscription of 900,000 EISAL Shares and the Offer (collectively, the “Acquisition”). Unless otherwise the context requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

(1) COMPLETION OF SHARE AND CONNECTED TRANSACTION IN RELATION
TO SECOND SUBSCRIPTION AND ACQUISITION OF EQUITY INTEREST IN
EISAL

Completion of Acquisition

The Board is pleased to announce that all the conditions precedent set out in the Agreements have either been fulfilled or waived and the completion of the Acquisition (the “Completion”) took place on 14 December 2018 as regards the following manners:

(i) *Completion of the Second Subscription*

Somerley subscribed in cash for 900,000 new 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 approximately 27.2% of the share capital of EISAL as enlarged by the completion of the First Subscription and the Second Subscription. The new EISAL Shares rank pari passu in all respects with the EISAL Shares currently in issue.

(ii) *Closing of the Offer*

Somerley received acceptances of the Offer in full from all the shareholders of EISAL other than Mr. Higgs and Mr. Leung (the “Allottees”). The consideration for the Offer was satisfied by paying US\$400,000 (approximately HK\$3,112,000) in cash and the allotment and issue of an aggregate of 1,516,000 new Somerley Shares (the “Consideration Shares”) to the Allottees pursuant to the general mandate granted to the Directors at the annual general meeting held on 7 September 2018.

The new Somerley Shares have been issued in board lots of 2,000 shares. Somerley has paid an additional cash amount of approximately HK\$8,200 to the Allottees in respect of 4,001 Somerley Shares which would have been issued in odd lots, at the rate of HK\$2.05 per Somerley Share. The Consideration Shares represent (i) approximately 1.09% of the total number of issued Somerley Shares immediately before the Completion; and (ii) approximately 1.08% of the total number of issued Somerley Shares as enlarged by the issue of the Consideration Shares immediately after the Completion.

Following the Completion, Somerley holds 2,473,334 EISAL Shares, representing 74.8% of the share capital of EISAL as enlarged by the completion of the First Subscription and the Second Subscription.

As stated in our 2017-18 Annual Report, the completion of the Acquisition allows the Group to extend its activities into asset management (including types 4 and 9 licenses, in addition to our types 1 and 6 licenses) and complements our expanding IPO activities and our equity capital market objectives.

Shareholding structure of Somerley immediately before and after the Completion

The shareholding structure of Somerley immediately before and after the allotment and issue of the new Somerley Shares upon the Completion is set out below:

Shareholders	Immediately before the allotment and issue of Somerley Shares		Immediately after the allotment and issue of Somerley Shares	
	<i>Approximate Shares</i>	<i>Approximate %</i>	<i>Approximate Shares</i>	<i>Approximate %</i>
Somerley Group Limited (<i>Note</i>)	92,777,350	66.5	92,777,350	65.8
Directors:				
CHOW Wai Hung Kenneth	3,754,170	2.7	3,754,170	2.7
CHEUNG Tei Sing Jamie (<i>Note</i>)	1,291,440	0.9	1,291,440	0.9
Directors of a subsidiary	5,634,207	4.1	5,634,207	4.0
Public:				
Allottees	—	—	1,516,000	1.1
Other public Shareholders	<u>36,015,388</u>	<u>25.8</u>	<u>36,015,388</u>	<u>25.5</u>
	<u>139,472,555</u>	<u>100.0</u>	<u>140,988,555</u>	<u>100.0</u>

Note: Somerley Group Limited and Mr. CHEUNG Tei Sing Jamie (“Mr. Cheung”) are directly interested in 92,777,350 and 1,291,440 Somerley Shares respectively. Somerley Group Limited is wholly-owned by Mr. SABINE Martin Nevil (“Mr. Sabine”), Mr. FLETCHER John Wilfred Sword (“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 Somerley and therefore each of Mr. Sabine, Mr. Fletcher and Mr. Cheung is deemed to be interested in all the Somerley Shares held by them in aggregate by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

Dr. SABINE Maureen Alice (“Dr. Sabine”) is the spouse of Mr. Sabine. By virtue of the SFO, Dr. Sabine is deemed to be interested in the Somerley Shares held by Mr. Sabine. Mrs. FLETCHER Jacqueline (“Mrs. Fletcher”) is the spouse of Mr. Fletcher. By virtue of the SFO, Mrs. Fletcher is deemed to be interested in the Somerley Shares held by Mr. Fletcher. Mrs. CHOI Helen Oi Yan (“Mrs. Cheung”) is the spouse of Mr. Cheung. By virtue of the SFO, Mrs. Cheung is deemed to be interested in the Somerley Shares held by Mr. Cheung.

(2) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHANGE OF COMPOSITION OF BOARD COMMITTEES

Resignation of Independent Non-Executive Director

As a result of the Completion, Mr. Higgs is no longer regarded as independent and has tendered his resignation as an independent non-executive Director to the Board with effect from 14 December 2018. Mr. Higgs has confirmed that there is no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of Somerley or the Stock Exchange in relation to his resignation.

The Board would like to express its gratitude to Mr. Higgs for his valuable contribution during his tenure as an independent non-executive Director and looks forward to continuing to work with him to develop the business of EISAL.

Change of Composition of Board Committees

Upon resignation as an independent non-executive Director, Mr. Higgs ceased to be (i) the chairman of the nomination committee of the Board (the “Nomination Committee”); and (ii) a member of the audit committee of the Board (the “Audit Committee”). Following the above changes, (i) the Audit Committee consists of Mr. CHENG Yuk Wo and Mr. YUEN Kam Tim Francis (“Mr. Yuen”); and (ii) the Nomination Committee consists of Mr. Sabine and Mr. Yuen.

The Board further announces that Mr. Sabine, an existing executive Director and chairman of the Board of Somerley, has been appointed as the chairman of the Nomination Committee with effect from 14 December 2018.

(3) NON-COMPLIANCE WITH RULES 5.05(1) AND 5.28 OF GEM LISTING RULES AND CODE PROVISION A.5.1 OF CORPORATE GOVERNANCE CODE OF GEM LISTING RULES

Following the resignation of Mr. Higgs, the Board has five members, being three executive Directors and two independent non-executive Directors, less than three independent non-executive Directors as required under Rule 5.05(1) of the GEM Listing Rules.

Mr. Higgs was also a member of the Audit Committee and the chairman of Nomination Committee. Following Mr. Higgs’ resignation, the Board is unable to fulfil the requirement of having three members on the Audit Committee under the terms of reference of the Audit Committee and Rule 5.28 of the GEM Listing Rules. Further, as

the Nomination Committee no longer comprises three members with a majority of independent non-executive Directors, it deviates from code provision A.5.1 of the Corporate Governance Code (the “Code”) in Appendix 15 to the GEM Listing Rules and the terms of reference of the Nomination Committee.

Somerley considers that the circumstances of not meeting the requirements of Rules 5.05(1) and 5.28 of the GEM Listing Rules, code provision A.5.1 of the Code and the relevant terms of reference are purely temporary in nature. Somerley is in the course of identifying a suitable candidate as an additional independent non-executive Director and expects to make an appointment within three months from the date of Mr. Higgs ceasing to be an independent non-executive Director, in accordance with GEM Listing Rule 5.06.

Somerley will ensure its compliance with the requirements concerning the number of the independent non-executive Directors and the composition of the Board committees under the GEM Listing Rules, the Code and the relevant terms of reference. Somerley will make a further announcement as soon as an appointment has been finalised.

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

Hong Kong, 14 December 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 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.