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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)

VOLUNTARY ANNOUNCEMENT JOINT VENTURE AGREEMENT WITH COINSTREET HOLDINGS LIMITED TO DEVELOP SECURITY TOKEN OFFERING BUSINESSES

This announcement is made by Somerley Capital Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) on a voluntary basis. The board of directors of the Company (the “**Board**”) is pleased to announce that, on 17 December 2021, Somerley (BVI) Limited (“**SBVI**”), a wholly-owned subsidiary of the Company, and Coinstreet Holdings Limited (“**CSH**”) entered into a joint venture agreement (the “**JV Agreement**”) for the establishment of a new joint venture (the “**JV**”) with an aim to provide advice and management of security token offerings, and primary market brokerage services for tokenized assets and digital securities (“**TADS**”), serving enterprises and professional investors in Hong Kong. The JV will apply for all required approvals and licenses under the regulatory framework and guidelines from the Securities and Futures Commission (“**SFC**”).

BACKGROUND AND REASONS FOR ENTERING INTO THE JV AGREEMENT

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) and, through its subsidiaries, is principally engaged in providing corporate finance advisory services in Hong Kong and Beijing.

As stated respectively in the Group’s annual report for the year ended 31 March 2021 and the interim report for the six months ended 30 September 2021, the Group has been seeking investment opportunities in the fintech and digital financial arena to complement its conventional corporate finance advisory business. Virtual assets, including security token offerings (“**STOs**”), are emerging as an innovative way to facilitate capital raising and investment in businesses and projects. STOs typically refer to specific offerings which

are structured to have features of traditional securities offerings and involve security tokens utilising blockchain technology. A comprehensive STO offering implemented within the Hong Kong regulatory environment would offer issuers an alternative avenue for fund-raising and professional investors an investment opportunity alongside with the more traditional fundraising routes.

Against this backdrop, the Group and CSH have entered into a strategic partnership which will bring together CSH's fintech solutions and technical expertise in STOs, and Somerley's extensive experience and best governance practices in the conventional corporate finance and advisory sector. Subject to obtaining all required approvals and licenses from the SFC and in compliance with relevant rules and regulations, the JV intends to provide advisory services and STOs to enterprises and professional investors in Hong Kong.

Samson Lee, Founder and CEO of CSH said "Through asset tokenization, investors can access a wide range of alternative investment opportunities, while it also allows enterprises, private equity firms, asset managers, and businesses to benefit from a new form of structured finance. We are excited about our partnership with Somerley and believe this collaboration can foster convergence between traditional finance and digital assets and tap into ample opportunities ahead".

Martin Sabine, Chairman of the Company commented "Hong Kong, as an international financial centre and gateway to Mainland China, has considerable potential to develop its blockchain-based fintech offerings. With a favourable regulatory environment in Hong Kong, CSH's expertise and our established business operations in Greater China, this collaboration is an opportunity to bring together traditional finance and digital asset innovation to capture the potential of the virtual asset space".

THE JV AGREEMENT

According to the JV Agreement, SBVI will provide cash investment while CSH will provide in-kind investment of expertise into the JV. SBVI and CSH will be interested in 25% and 75% of the initial capital of the JV respectively. SBVI has an option to invest further cash into the JV for an additional interest in the JV. Subject to the satisfaction of relevant regulatory requirements, it is envisaged that the JV will develop "CoinstreetPRO", an online initial subscription platform for TADS serving enterprises and professional investors in Hong Kong. It is intended that the JV will work with licensed virtual asset trading platforms and STO exchanges for secondary trading activities.

INFORMATION ABOUT CSH

CSH is a limited liability company incorporated in Hong Kong. CSH is one of global market leaders in the STO space offering professional consulting services in fintech and digital assets sectors. CSH focuses on the development of five key business segments: (1) asset tokenization & digital securities consultancy, (2) digital asset management & private banking, (3) digital asset global distribution coordination, (4) TADS issuance, trading & management platform, and (5) decentralised finance (Defi), non-fungible tokens (NFTs) and distributed ledger technology (DLT) solutions. The professional experience and expertise of CSH will provide valuable assistance to the development of the JV's STO business.

To the best of the directors of the Company's knowledge, information and belief, having made all reasonable enquiries, CSH and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

GEM LISTING RULES IMPLICATIONS

This announcement is voluntarily made by the Company. As all the applicable percentage ratios in respect of the formation of the JV are below 5%, the formation of the JV does not constitute a notifiable transaction of the Company under Chapter 19 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited.

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

Hong Kong, 17 December 2021

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, 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 Listed Company Information" 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.