

**SOMERLEY CAPITAL HOLDINGS TD:  
FORTY PERCENT OF NOTHING IS LIKELY TO BE NOTHING**

It has to be a first for any company, about to be listed on The Stock Exchange of Hongkong Ltd: Management has strongly intimated that it will pay an annual dividend, equivalent to at least 40 percent of the Net Profit Attributable to Shareholders.

The company, to which **TARGET** () is referring, is Somerley Capital Holdings Ltd () (Code: 8439, The Growth Enterprise Market [the **GEM**] of The Stock Exchange of Hongkong Ltd).

(For more about the 40-percent intimation, please refer to the section of this analysis marked '**Conclusion**'.)

If all goes well with regard to this **Initial Public Offering (IPO)** of this Company, trading in this Company's shares is due to commence, next Tuesday (March 28, 2017).

**The IPO of Somerley Capital Holdings Ltd**

Somerley Capital Holdings Ltd published and disseminated its Public Offering Prospectus on March 15, 2017.

The Company is Offering 35 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.70 to a high of \$HK2.30.

According to the Public Offering Prospectus, at Page 200, on the basis of the Offer Price Per Share, being struck at the midpoint of the Indicative Offer Price range, being \$HK2.00, it is estimated that the Company will net about \$HK54.60 million.

This amount of money is expected to be utilised as follows:

1. Approximately, \$HK8.80 million, that is about 16.10 percent of the net proceeds, '*to expand its corporate finance advisory business*';
2. Approximately, \$HK23.60 million, that is about 43.20 percent of the net proceeds, '*to develop its equity capital markets business, including approximately HK\$14.8 million for supporting its underwriting business*';
3. Approximately, \$HK7.50 million, that is about 13.80 percent of the net proceeds, '*to enhance the information technology capability of the Group*';
4. Approximately \$HK10.70 million, that is about 19.60 of the net proceeds, '*to expand the office(s) of the Group to cope with the expansion of corporate finance advisory business. In addition, the Group plans to rent a new office upon the end of the tenancy contract in the current office to facilitate the expansion of corporate finance advisory business and development of the equity capital markets business and the underwriting business, including the relocation and leasehold improvement expense of the new office*'; and,
5. Approximately, \$HK4.00 million, that is about 7.30 percent of the net proceeds, '*to be*

*applied as the general working capital of the Group'.*

### **The Business Of Somerley Capital Holdings Ltd**

Somerley Capital Holdings Ltd is engaged in providing corporate finance advisory services in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

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