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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION OF THE TARGET COMPANY FROM CONNECTED PERSONS

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

THE MOU

The Board is pleased to announce that on 7 July 2023 (after trading hours of the Stock Exchange), the Company entered into the MOU with the Vendor and the Target Company in relation to the Possible Acquisition. Subject to the satisfaction of due diligence result on the Target Company, the Company will consider further negotiation with the Vendor on the Possible Acquisition.

The Vendor

As at the date of this announcement, the Vendor is owned as to approximately 30.0% and 36.6% by Mr. Chen Ningdi, an executive Director and Ms. Jiang Xinrong, a former non-executive Director (who resigned with effect from 28 April 2023), respectively. Therefore, the Vendor is an associate of each of Mr. Chen Ningdi and Ms. Jiang Xinrong, thereby a connected person of the Company. As at the date of this announcement, the Vendor is also owned as to approximately 1.9%, 1.9% and 1.4% by Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying, all being the executive Directors.

The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Target Company is held as to 55% by the Vendor and 45% by DL Asset Management Limited (a wholly-owned subsidiary of the Company). It is principally engaged in the provision of investment advisory and asset management services. The Target Company is a licensed corporation under the SFO and is licensed to conduct the regulated activities of advising on securities (Type 4) and asset management (Type 9) under the SFO.

Formal Agreement

The Vendor and the Company shall use their best endeavours to negotiate the terms and conditions of the Formal Agreement within three months after the date of the MOU or such later date as the Vendor and the Company may agree in writing. The Formal Agreement shall include customary terms for similar transactions. The consideration of the Sale Shares shall be determined with factors including but not limited to the valuation of the Target Company, and based on preliminary discussion between the Vendor and the Company, such valuation shall be not more than HK\$500 million. The final valuation of the Target Company is subject to due diligence results to be conducted by the Group and other valuation assessments. If the parties are unable to enter into the Formal Agreement for any reason(s) (including but not limited to unsatisfactory due diligence results) within three months after signing the MOU (or such later date as the Vendor and the Company may agree in writing), the MOU will lapse and become invalid. The Possible Acquisition shall be conducted in compliance with the relevant laws and regulations (including but not limited to the Listing Rules).

Due Diligence

Within three months from the date of the MOU or such later date as the Vendor and the Company may agree in writing, the Group is entitled to conduct due diligence on the Target Company and its subsidiaries, and the Vendor and the Target Company shall assist the Group in conducting the due diligence.

Non-Exclusive

The MOU does not have an exclusivity period, and the Vendor may discuss or negotiate with any person or entity other than the Group with respect to the sale of the Sale Shares.

Non-Legally Binding

The MOU does not create legally binding obligations on the parties in relation to the Possible Acquisition save for customary provisions relating to due diligence, confidentiality, non-exclusivity, compliance undertakings, notices, expenses and governing law and jurisdiction. The Possible Acquisition is subject to the negotiation and entering into of the Formal Agreement.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The principal business of the Group comprises (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to customers; (ii) provision of money lending services to customers; (iii) sales of apparel products with the provision of supply chain management total solutions to customers; and (iv) provision of enterprise solutions services. The Group is licensed to conduct the regulated activities of dealing in securities (Type 1), advising on securities (Type 4) and advising on corporate finance (Type 6) under the SFO. The Directors consider that the Possible Acquisition, if materialises, represents a good opportunity for the Group to broaden the scope of financial services the Group can provide, to broaden its source of income and to maximise the return of the Shareholders.

The Board wishes to emphasise that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a notifiable transaction and/or connected transaction for the Company pursuant to the Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the shares of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	DL Holdings Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1709)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the legally-binding agreement for the sale and purchase of the Sale Shares (in form and substance satisfactory to the Company and the Vendor) to be entered into between the Vendor and the Group in relation to the Possible Acquisition, subject to the satisfaction of due diligence results on the Target Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOU”	the non-legally binding memorandum of understanding dated 7 July 2023 and entered into among the Company, the Vendor and the Target Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of the Sale Shares by the Group as contemplated under the MOU, subject to the satisfaction of due diligence result on the Target Company
“Sale Shares”	certain percentage of the issued share capital of the Target Company held by the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	DL Family Office (HK) Limited (德林家族辦公室(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Vendor”	DL Global Holdings Limited (德林控股有限公司), a company incorporated in the British Virgin Islands with limited liability

By order of the Board
DL Holdings Group Limited
Chen Ningdi
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 7 July 2023

As at the date of this announcement, the executive Directors are Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying; the non-executive Directors are Mr. Chan Kwan and Mr. Chan Kwun Wah Derek; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun.