
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in DL Holdings Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF REMAINING EQUITY INTEREST
IN DL FAMILY OFFICE (HK) LIMITED
INVOLVING THE ISSUE OF PROMISSORY NOTE
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser
to DL Holdings Group Limited**



**Independent Financial Adviser
to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 5 to 18 of this circular, and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-25 of this circular.

A notice convening the EGM to be held at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 14 November 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

25 October 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Company”	DL Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1709)
“Completion”	the completion of the Acquisition
“Completion Date”	the date of Completion, the Business Day falling on the fifth Business Day upon the fulfillment (or, as the case may be, the waiver) of the conditions set out in the Sale and Purchase Agreement (or such later date as may be agreed between the parties to the Sale and Purchase Agreement in writing), but in any event, no later than Long Stop Date
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration in the amount of HK\$220,000,000.00 with respect to the Acquisition to acquire the Sale Shares (i.e. 10,016,651 shares of the Target Company), which will be satisfied by cash and the issue of the Promissory Note
“Director(s)”	the director(s) of the Company
“DL Family Office License”	such licenses granted by the SFC under the SFO for the Target Company to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities

DEFINITIONS

“EGM”	extraordinary general meeting of the Company to be held and convened to consider and approve the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
“EW Acquisition”	acquisition of the entire issued share capital of Emerald Wealth Management Limited, details of which are stipulated in the Prior Announcements dated 23 May 2022 and 18 October 2022, completion of which took place on 18 October 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun, which has been established to make recommendations to the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Vincio Financial”	Vincio Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders who have no material interest in, and are not required under the Listing Rules to abstain from voting at the EGM to approve, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons or any of their respective associates (as defined under the Listing Rules)
“Independent Valuer”	Vincorn Consulting and Appraisal Limited, a qualified independent valuer in Hong Kong

DEFINITIONS

“Latest Practicable Date”	18 October 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2023 or another later date agreed by the Vendor and the Purchaser in writing
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Prior Acquisition”	the acquisition of 8,195,441 shares of the Target Company (representing approximately 45.00% of its entire issued share capital), details of which are stipulated in the Prior Announcements dated 23 May 2022, 26 May 2022 and 17 January 2023, completion of which took place on 17 January 2023
“Prior Announcement(s)”	announcements dated 23 May 2022, 26 May 2022, 18 October 2022 and 17 January 2023 in relation to, amongst other things, the Prior Acquisition and the EW Acquisition
“Prior Consideration”	the consideration in the amount of HK\$63,000,000.00 for the acquisition of 8,195,441 shares of the Target Company pursuant to the terms of the Prior SPA
“Prior SPA”	the sale and purchase agreement dated 23 May 2022 in relation to the Prior Acquisition of the 8,195,441 shares of the Target Company
“Promissory Note”	the promissory note in the principal amount of HK\$150,000,000.00 to be issued by the Company to the Vendor on the Completion Date
“Purchaser”	DL Asset Management Limited, a company incorporated in the British Virgin Islands with limited liability, and a directly wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 September 2023 entered into between the Purchaser and the Vendor in respect of the Acquisition

DEFINITIONS

“Sale Share(s)”	10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company and the subject matter of the Acquisition
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	DL Family Office (HK) Limited, a company incorporated in Hong Kong with limited liability, which at the date of this announcement and immediately prior to the Completion, the Purchaser legally and beneficially owns approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns approximately 55.00% of the entire issued share capital of the Target Company
“Vendor”	DL Global Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent

The English text of this circular, the notice of the EGM and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

LETTER FROM THE BOARD



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)

Executive Directors

Mr. CHEN Ningdi (*Chairman & Chief Executive Officer*)

Mr. LANG Joseph Shie Jay

Mr. AI Kuiyu

Ms. HE Zhiying

Non-executive Directors

Mr. CHAN Kwan

Mr. CHAN Kwun Wah Derek

Independent non-executive Directors

Mr. CHANG Eric Jackson

Mr. CHEN Cheng-Lien (*also known as
Chen Cheng-Lang and Chen Stanley*)

Mr. LIU Chun

Registered office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Head office and principal place of business in Hong Kong

Unit 2902, Vertical Square

28 Heung Yip Road

Wong Chuk Hang

Hong Kong

25 October 2023

To the Shareholders

Dear Sir/Madam,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF REMAINING EQUITY INTEREST
IN DL FAMILY OFFICE (HK) LIMITED
INVOLVING THE ISSUE OF PROMISSORY NOTE
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Company's announcements dated 14 September 2023, 20 September 2023, 6 October 2023 and 18 October 2023 in relation to, amongst other things, the proposed Acquisition.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further details of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) notice of the EGM; and (v) other information as required under the Listing Rules. At the EGM, such necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

BACKGROUND – THE PRIOR ACQUISITION

References are made to the Prior Announcements dated 23 May 2022, 26 May 2022 and 17 January 2023. As disclosed, the Purchaser and the Vendor entered into the Prior SPA, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell 8,195,441 shares of the Target Company, at the Prior Consideration of HK\$63,000,000.00. Upon completion of the Prior Acquisition, which took place on 17 January 2023, and as at the Latest Practicable Date, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns the Sale Shares (i.e. 10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company).

THE ACQUISITION

On 14 September 2023 (after trading hours of the Stock Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent approximately 55.00% of the entire equity interest of the Target Company at the Consideration of HK\$220,000,000.00, which will be satisfied by cash and the issue of the Promissory Note.

THE SALE AND PURCHASE AGREEMENT

Principal terms of the Sale and Purchase Agreement are set out as follows:

Date

14 September 2023 (after trading hours of the Stock Exchange)

Parties to the Sale and Purchase Agreement

- (i) DL Asset Management Limited, as the Purchaser; and
- (ii) DL Global Holdings Limited, as the Vendor.

LETTER FROM THE BOARD

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares (i.e. 10,016,651 shares of the Target Company), representing approximately 55.00% of the entire issued share capital of the Target Company.

Consideration

The Consideration for the Acquisition is HK\$220,000,000.00 in aggregate, which shall be payable by the Purchaser partially in cash to the Vendor's designated bank account by wire transfer and partially settled by the issue of Promissory Note by the Company and will be satisfied in the following manner:

- (a) an initial refundable deposit in the sum of HK\$22,000,000.00 shall be paid by the Purchaser in cash to the Vendor's designated bank account by wire transfer within five (5) Business Days from the date of the Sale and Purchase Agreement; and
- (b) the remaining total balance of the Consideration in the sum of HK\$198,000,000.00 shall be, upon Completion, paid and settled by having:
 - (1) part of the remaining total balance of the Consideration in the sum of HK\$48,000,000.00 paid by the Purchaser in cash to the Vendor's designated bank account by wire transfer; and
 - (2) the remainder, in the sum of HK\$150,000,000.00, settled by the Company's issue of Promissory Note to the Vendor.

As at the Latest Practicable Date, it is anticipated that the total consideration for the Acquisition will be satisfied by the internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to (i) the fair value of the Sale Shares in the amount of HK\$230,200,000.00 as at 30 June 2023 according to the valuation report prepared by the Independent Valuer, adopting the market approach; (ii) the audited net assets of the Target Company amounted to approximately HK\$41.99 million as at 31 December 2022; (iii) the unaudited net assets of the Target Company amounted to approximately HK\$54.07 million as at 30 June 2023; (iv) the financial position and track record as demonstrated from the key financial metrics of the Target Company; and (v) the existing synergies as a result of the Prior Acquisition and are anticipated to be enhanced between the Group and the Target Company as detailed in, and the factors further contemplated under the section headed "Reasons for and Benefits of the Acquisition" below.

LETTER FROM THE BOARD

In order to assess the fairness and reasonableness of the Consideration, the Company engaged Independent Valuer for the valuation of the Sale Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, it is not aware of any relationships or interests between the Valuer and any members of the Group (including the Purchaser), or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Independent Valuer. Apart from normal professional fees payable to the Independent Valuer in connection with the valuation of the Sale Shares, no arrangement exists whereby the Independent Valuer will receive any fees or benefits from any members of the Group (including the Purchaser), or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and it is not aware of the existence of or change in any circumstances that would affect their independence. The Independent Valuer has confirmed to the Company of their independence. Accordingly, the Director considered that the Valuer are eligible to independently perform the valuation of the Sale Shares.

The Directors have assessed the qualification, experience and the track record of the Valuer and in view of both signors for the valuation report are directors of the Independent Valuer, and specialises in the provision of valuation and advisory services in relation to different types of assets, the Directors consider that the Valuer being qualified, experienced and competent in performing the valuation of the Sale Shares.

The independent valuation of the Sale Shares adopted the market approach. This approach was selected as the most appropriate for this transaction, as it accounts for the comparison with recent market transactions of selling similar assets by means of valuing a business entity by comparison of the prices at which other companies or interests of similar business nature changed its ownership under arm's length transactions, based on the theory of the approach that one would not pay more than one would have to pay for an equally desirable alternative. It was also considered appropriate given the availability of comparable companies in the market, and that the Target Company is expected to sustain its existing business operations. Under the market approach, the target under valuation was compared against public companies listed in Hong Kong or overseas operating in a comparable market and industry sector (namely, financial services sector providing services in relation to regulated activities) as well as comparable transactions, with this scope taking into account similar capital investment requirements, and overall industry fluctuations and market performance being universal factors impacting both the target and comparable companies. A price-to-earnings (or P/E) valuation multiple was used, considering the fact that the P/E multiple is commonly used for companies such as the Target Company with significant businesses operating in the financial services sector providing services in relation to regulated activities, with adjustments made for the target being a non-public company but with a control premium after the transaction. The valuation was based on certain principal factors, including, amongst others, the maturity of the target, the economic and industry conditions in which the target operates, and the business and other risks associated with this industry; and certain assumptions, including, amongst others, that there will be no material changes to the existing political, taxation, legal, technological, fiscal or economic conditions in relation to businesses licensed to conduct regulated activities, all licenses and permits that are essential for operation can be obtained and are renewable upon expiry, no material changes to the operating conditions material to revenue and costs for the businesses licensed to conduct regulated activities, and the retention of competent management and key personnel. Accordingly, the entire issued share capital of the Target Company was valued at approximately HK\$418.60 million and the Sale Shares was accordingly valued at approximately HK\$230.20 million, as at 30 June 2023. Further details of the valuation are set out in Appendix I of this circular.

LETTER FROM THE BOARD

Based on the above factors, the Board considered the independent valuation to be a fair and reasonable basis upon which to calculate the consideration amount.

Conditions precedent

The Acquisition are conditional upon fulfillment (or waiver, as the case may be) of all the following conditions precedent of the Sale and Purchase Agreement on or before the Long Stop Date:

- (i) the Directors passing the ordinary resolutions approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated hereunder (including but not limited to the issue of the Promissory Note) in accordance with the requirements of the Listing Rules, the Company's constitutional documents and all applicable laws and regulations in Hong Kong and the Cayman Islands;
- (ii) the passing of all resolution(s) by the Independent Shareholders at the EGM approving the entering into the Sale and Purchase Agreement by the Company and the performance of the transactions contemplated hereunder in accordance with the relevant provisions in the Listing Rules, the constitutional documents of the Company and all applicable laws and regulations in Hong Kong and the Cayman Islands;
- (iii) the Purchaser having completed the due diligence on the Target Company's assets, legal conditions and conditions regarding its businesses and operations and being and remaining satisfied with the same in all material respects;
- (iv) the DL Family Office License being valid, enforceable and operative as at the date of the Sale and Purchase Agreement, remains valid, enforceable and operative on Completion Date, and there being no statutes, statutory provisions, regulations, instruments, subordinate legislation, rules, orders, judgments, decisions, conditions and/or notices whatsoever proposed, granted or enforced by the SFC or any other applicable authority which prohibit, restrict, revoke or threaten to prohibit, restrict, revoke, the DL Family Office License entitlement by the Target Company on the Completion Date;
- (v) the representations, warranties and undertaking provided each of the parties under the Sale and Purchase Agreement being true, accurate, valid and not misleading on the execution of the Sale and Purchase Agreement in all material respects and remain true, accurate, valid and not misleading in all material respects as at the Completion Date;
- (vi) no material adverse change regarding the assets, financial position, business or prospects or results of operations of the Target Company up to the Completion Date; and
- (vii) all authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Sale and Purchase Agreement and the transactions contemplated hereunder having been complied, granted, received or obtained by the Purchaser and the Vendor and remain in full force and effect and not revoked up to the Completion Date.

LETTER FROM THE BOARD

Save for the conditions precedent set out under sub-paragraphs (iii) and (v) above by written notice, none of the above conditions precedent can be waived. If any of the conditions is not fulfilled (or as the case may be, waived) on or before 31 December 2023 (i.e. the long stop date contemplated under the Sale and Purchase Agreement for the fulfillment of the above conditions for the Acquisition), or such later date as the parties to the Sale and Purchase Agreement may agree in writing, the Sale and Purchase Agreement shall be terminated, and all rights, obligations and liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Sale and Purchase Agreement.

As at the Latest Practicable Date, save and except for the condition precedent set out under sub-paragraph (ii) above, all other conditions precedent have been fulfilled. Despite the conditions precedent set out under sub-paragraphs (iii) and (v) being capable to be waived, it is, in any event, not the Purchaser's intention to serve any written notice to waive such conditions precedent.

Completion

Subject to all the conditions precedent under the Sale and Purchase Agreement being fulfilled (or waived, as the case may be), the Completion shall take place at or before 2:30 p.m. on the Business Day falling on the fifth Business Day upon the fulfillment (or, as the case may be, the waiver) of the conditions set out above (or such later date as may be agreed between the parties to the Sale and Purchase Agreement in writing), at the office of the Purchaser or such other place as may be agreed in writing by the parties to the Sale and Purchase Agreement.

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Target Company's financial results will be consolidated into the financial statements of the Company.

ISSUE OF THE PROMISSORY NOTE

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company shall issue the Promissory Note to the Vendor for settlement of part of the Consideration. The principal terms and conditions of the Promissory Note are as follows:

Parties to the Promissory Note

- (i) the Company, as the issuer of the Promissory Note; and
- (ii) the Vendor, as the noteholder of the Promissory Note.

Terms of the Promissory Note

Principal Amount	:	HK\$150,000,000.00
Interest	:	Nil

LETTER FROM THE BOARD

- Maturity Date : The Company shall repay the outstanding principal sum on the date falling two years from the date of issue of the Promissory Note (or if that is not a Business Day, the first Business Day thereafter).
- Security : The obligations of the Company under the Promissory Note are unsecured.
- Transferability : The Promissory Note may be transferred or assigned by the noteholder(s) to any persons (except for connected persons of the Company) provided that the noteholder(s) shall serve a prior written notice to the Company of not less than ten (10) Business Days.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the main board of the Stock Exchange (stock code: 1709).

The Group is principally engaged in (A) provision of financial services of licensed businesses including (i) financial advisory services; (ii) securities research services; (iii) securities trading and brokerage services; (iv) margin financing services; (v) referral services; (vi) asset management services; and (vii) investment management and advisory services to customers; (B) provision of money lending services; (C) sales of apparel products with the provision of supply chain management total solutions to customers; and (D) provision of enterprise solutions services.

As disclosed in the annual report of the Company for the year ended 31 March 2023, and with respect to the Group's business in relation to sales of apparel products as set out in item (C) of the foregoing paragraph, the COVID-19 pandemic, global economy uncertainty and international conflict had been imposing pressure to the general prospect of apparel industry and overall trading environment. In face of such pressure, while it is the Group's intention to maintain the apparel business as part of the Group's engaged businesses, the Group will continue to adopt its conservative strategy in connection with such business with the view to lower the risk exposure of the Group amid such turbulent market situation.

As it is the Group's primary goal to ensure the profitability of the Group's businesses and continuously maximise value for the Shareholders by making timely assessment of the Group's strategy in allocation of its resources among its business segments, the Group will carry on with exploring more business opportunities regarding this segment of business by means of e-commerce customers and utilising the direct-to-consumer business model.

Save as disclosed above, there is no other concrete business plan regarding the apparel business as at the Latest Practicable Date.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. The Purchaser is principally engaged in the business of investment holding, and it is directly wholly-owned by the Company.

LETTER FROM THE BOARD

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability. The Vendor is principally engaged in the business of investment holding. As at the Latest Practicable Date, one of the shareholders of the Vendor is Ms. Jiang Xinrong, a non-executive Director until her resignation on 28 April 2023 and the spouse of Mr. Chen Ningdi (an executive Director), and she owns approximately 36.60% of the issued share capital of the Vendor. Therefore, the Vendor is an associate of each of Mr. Chen Ningdi and Ms. Jiang Xinrong, and accordingly, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, the remaining shareholders of the Vendor and their respective shareholding in the issued share capital of the Vendor are as follows:

Remaining shareholders of the Vendor	Approximate shareholding (%) in the Vendor
(1) Ms. He Zhiying, an executive Director	11.41%
(2) Mr. Lang Joseph Shie Jay, an executive Director	1.87%
(3) Mr. Ai Kuiyu, an executive Director and a director of the Purchaser	1.87%
(4) Ms. Xu Wen, a director of the Purchaser	1.87%
(5) Mr. Zhou Xuxiang, a director of a subsidiary of the Company	5.74%
(6) Mr. Kiow Wei Hao, a director of a subsidiary of the Company	1.87%
(7) Mr. Sun Yu, a director of a subsidiary of the Company	0.94%
(8) Ms. Wu Mengnan, a director of a subsidiary of the Company	0.63%
(9) Mr. Lam Siu Hong, a director of the Target Company	27.04%
(10) Mr. Huang Zhiying	5.76%
(11) Mr. Li Jialin	2.71%
(12) Mr. Cui Weixing	1.69%

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Li Jialin, Mr. Cui Weixing and Mr. Huang Zhiying are all Independent Third Parties as at the Latest Practicable Date.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of financial services of licensed businesses including securities advisory services and asset management services. The Target Company is a licensed corporation under the SFO permitted to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities. As at the Latest Practicable Date and immediately prior to the Completion, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns the Sale Shares (i.e. 10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company).

Financial information of the Target Company

Set out below is extract of the audited financial information of the Target Company for the two years ended 31 December 2021 and 31 December 2022 and the unaudited financial information for the six months ended 30 June 2023 respectively:

	For the year ended 31 December 2021 (audited) (HK\$)	For the year ended 31 December 2022 (audited) (HK\$)	For the six months ended 30 June 2023 (unaudited) (HK\$)
Revenue	23,821,861	40,689,215	25,468,811
Profit/(loss) before tax	10,709,605	24,153,773	12,606,881
Profit/(loss) after tax	9,490,605	20,258,819	12,081,371

As at 31 December 2022, the audited net assets of the Target Company amounted to approximately HK\$41.99 million and as at 30 June 2023, the unaudited net assets of the Target Company amounted to approximately HK\$54.07 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Track Record and Business Prospect of the Target Company

In view of the Group's principal business and the businesses carried out by the Target Company, being the Type 4 (advising on securities) and Type 9 (asset management) regulated activities permitted under the SFO and the DL Family Office License granted, the Group entered into the Prior SPA to proceed with the Prior Acquisition in order to expand, strengthen and direct toward its development as a service provider with full-range and integrated financial services available. Throughout the past financial year since the completion of the Prior Acquisition and up to the Latest Practicable Date, there has been significant growth and development in the Group's businesses with such regulated activities in connection with the Target Company.

LETTER FROM THE BOARD

In view of the favourable track record in terms of the key financial metric stipulated in the section headed “Financial information of the Target Company” above and the business collaboration with the Target Company, the Company believes that the Acquisition proposed to acquire the Sale Shares, which represent the remaining approximately 55.00% of the entire issued share capital of the Target Company will be a meaningful step in realizing the Group’s strategy of creating greater value for the Shareholders and also further strengthening the industry position of the Group. In addition, with the view to further expand its relevant financial services, the Company is of the view that the Acquisition enables the Group to explore and leverage the synergy between the Target Company and the Group, and will be complementary to the Group’s existing operation and business layout, consolidate its existing advantageous position, generate synergies and accelerate the Group’s development.

In particular, (i) with the DL Family Office License, by bringing the Target Company (and its business) into the Group, the Group can streamline and integrate its existing and future business collaborations with Target Company and the Acquisition would enable the enlarged Group to expand into new business opportunities in the future; and (ii) with the revenue of the Target Company increased by approximately HK\$16.87 million or 70.81% from approximately HK\$23.82 million for the year ended 31 December 2021 to approximately HK\$40.69 million for the year ended 31 December 2022, and the profit before tax increased by approximately HK\$13.44 million or 125.53% from approximately HK\$10.71 million to HK\$24.15 million for the same period, the Board is optimistic about the business development of the Target Company, taking into account of the speedy recovery of the global economy and the capital markets of both Hong Kong and the PRC, together with the revival of investors’ confidence thereto, and considers that the Acquisition could broaden the income sources and strengthen the financial position of the Group as a whole.

Settlement Method and Financing plan to settle the Consideration

By satisfying part of the Consideration with the Promissory Note, the immediate burden to the Company’s financial resources can be reduced since the issue of the Promissory Note lowers the cash amount required to be paid by the Group for the Consideration upon Completion and such arrangement of payment by Promissory Note would not cause immediate material cash outflow pressure on the Group, safeguarding the imminent financial position of the Group.

Based on the assessment of the Board on the Group, the Company has sufficient internal resources to satisfy the repayment of the Promissory Note for the Consideration as it falls due. The Board intends to finance the repayment of the Promissory Note by internal resources and/or then financial resources available to the Group. While the Board considers that financial resources available to the Group will be sufficient for repayment when the Promissory Note falls due, the Group is minded to maintain stable financial position and the Board may consider to conducting other debt financing and/or equity fund raising activities as and when appropriate in accordance with the Listing Rules.

Discounted Consideration when compared to Independent Valuation

According to the valuation report prepared by the Independent Valuer of the Sale Shares as at 30 June 2023, the Sale Shares’ fair value is amounted to HK\$230,200,000.00, with the Consideration being an approximately 4.43% discount to the fair value of the Sale Shares according to the valuation report, the Board considers the Consideration to be fair and reasonable.

LETTER FROM THE BOARD

Conclusion

Taking into account of all factors elaborated above, the Directors (including members the Independent Board Committee whose views have been set out in this circular after taking into consideration the advice of Vinco Financial but excluding Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying who abstained from voting at the Board meeting in respect of the resolutions approving the Acquisition due to their respective material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder) consider that the Acquisition (i) being in line with and beneficial to the future development of the Group; (ii) is on normal commercial terms; and (iii) the terms of the Sale and Purchase Agreement (including the Consideration) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, one of the shareholders of the Vendor is Ms. Jiang Xinrong, a non-executive Director until her resignation on 28 April 2023 and the spouse of Mr. Chen Ningdi (an executive Director), and she owns approximately 36.60% of the issued share capital of the Vendor. Therefore, the Vendor is an associate of each of Ms. Jiang Xinrong and Mr. Chen Ningdi, and accordingly, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On a standalone basis, with more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder (on a standalone basis) constitute disclosable transactions for the Company under Chapter 14 of the Listing Rules.

As disclosed in the Prior Announcements dated 23 May 2022, 18 October 2022 and 17 January 2023, the EW Acquisition was completed on 18 October 2022 and the Prior Acquisition was completed on 17 January 2023. With (A)(i) the Acquisition; and (ii) the completion of each of the EW Acquisition and the Prior Acquisition took place within a 12-month period; (B) the vendor of the sales of the entire issued share capital of Emerald Wealth Management Limited is the wholly-owned subsidiary of the Vendor; and (C) the vendor of the sales of shares in the Target Company is the same in both the Prior Acquisition and the Acquisition, the Acquisition, the Prior Acquisition and the EW Acquisition shall be aggregated as if they were one transaction pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition, the Prior Acquisition and EW Acquisition exceed 5% but all of them are less than 25%, the EW Acquisition, the Prior Acquisition, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

In view of the above, the Acquisition is correspondingly subject to the reporting, announcement, the circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors (i.e. Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun) has been established to consider, and make recommendations to the Independent Shareholders regarding, amongst other things, whether the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Sale and Purchase Agreement.

INDEPENDENT FINANCIAL ADVISER

Vinco Financial has been appointed as the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, (i) Mr. Chen Ningdi is an executive Director and the spouse of Ms. Jiang Xinrong (a non-executive Director until her resignation on 28 April 2023 and owns approximately 36.60% of the issued share capital of the Vendor); (ii) Mr. Lang Joseph Shie Jay owns approximately 1.87% of the issued share capital of the Vendor; (iii) Mr. Ai Kuiyu owns approximately 1.87% of the issued share capital of the Vendor; and (iv) Ms. He Zhiying owns approximately 11.41% of the issued share capital of the Vendor. Accordingly, each of Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying has considered himself/herself to have a material interest in the Sale and Purchase Agreement and has abstained from voting on the relevant resolution of the Board approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

EGM AND CLOSURE OF REGISTER OF MEMBERS

The Company will convene the EGM at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 14 November 2023 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholders or their respective associates with a material interest in the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM.

The relevant interested Shareholders, namely:

- (i) Mr. Chen Ningdi, Ms. Jiang Xinrong and their respective associates, as they together held 779,928,099 Shares in aggregate, representing approximately 53.64% of the issued share capital of the Company as at the Latest Practicable Date;

LETTER FROM THE BOARD

- (ii) Mr. Ai Kuiyu, his spouse and their respective associates, as they together held 6,667,299 Shares in aggregate, representing approximately 0.46% of the issued share capital of the Company as at the Latest Practicable Date;
- (iii) Mr. Lang Joseph Shie Jay's spouse and the respective associates of Mr. Lang Joseph Shie Jay and hers, as they together held 1,427,400 Shares in aggregate, representing approximately 0.098% of the issued share capital of the Company as at the Latest Practicable Date; and
- (iv) Ms. He Zhiying and her associates as they together held 6,044,874 Shares in aggregate, representing approximately 0.42% of the issued share capital of the Company as at the Latest Practicable Date,

will abstain from voting on the resolution approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each and every resolution put forward at the EGM. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for the EGM is enclosed. Whether or not you wish to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned meeting) if you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The register of members of the Company will be closed from Thursday, 9 November 2023 to Tuesday, 14 November 2023 (both days inclusive) for determining the eligibility of the Shareholders to attend and vote at the EGM. In order to qualify for attendance and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates with Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 November 2023.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on pages IBC-1 to IBC-2 of this circular which contains its recommendations to the Independent Shareholders on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice received from Vinco Financial, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages IFA-1 to IFA-25 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, the casting of votes for or against the resolution(s) approving the above, as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including members the Independent Board Committee whose views have been set out in the section headed “Letter from the Independent Board Committee” in this after taking into consideration the advice of Vinco Financial but excluding Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying) are of the view that the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and they recommend the Independent Shareholders to vote in favour of the resolution(s) at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors should note that completion of the Acquisition is subject to the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement and may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

By Order of the Board
DL Holdings Group Limited
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

25 October 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF REMAINING EQUITY INTEREST
IN DL FAMILY OFFICE (HK) LIMITED
INVOLVING THE ISSUE OF PROMISSORY NOTE**

We refer to the circular dated 25 October 2023 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matters, and to recommend how the Independent Shareholders should vote at the EGM. Vinco Financial has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular, and the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, as set out on pages IFA-1 to IFA-25 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Sale and Purchase Agreement, the advice given by Vinco Financial, and the principal factors and reasons taken into consideration by it in arriving at its advice, we are of the opinion that while the Acquisition and the entering into of the Sale and Purchase Agreement was not in the ordinary and usual course of business of the Group, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and the terms of Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
the Independent Board Committee of
DL Holdings Group Limited

Mr. CHANG Eric Jackson
*Independent non-executive
Director*

Mr. CHEN Cheng-Lien
*Independent non-executive
Director*

Mr. LIU Chun
*Independent non-executive
Director*

LETTER FROM VINCO FINANCIAL

The following is the text of a letter of advice from Vinco Financial to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Acquisition and the Sale and Purchase Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular:

VINCO 
Vinco Financial Limited

25 October 2023

*To the Independent Board Committee and the Independent Shareholders of
DL Holdings Group Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF REMAINING EQUITY INTEREST
IN DL FAMILY OFFICE (HK) LIMITED
INVOLVING THE ISSUE OF PROMISSORY NOTE**

A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” of the circular (the “**Circular**”) issued by the Company to the Shareholders dated 25 October 2023 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

References are made to the Prior Announcements dated 23 May 2022, 26 May 2022 and 17 January 2023. As disclosed, the Purchaser and the Vendor entered into the Prior SPA, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell 8,195,441 shares of the Target Company, at the Prior Consideration of HK\$63,000,000.00. Upon completion of the Prior Acquisition, which took place on 17 January 2023, and as at the Latest Practicable Date, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns the Sale Shares (i.e. 10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company).

LETTER FROM VINCO FINANCIAL

References are also made to the Company's announcements dated 14 September 2023, 20 September 2023, 6 October 2023 and 18 October 2023 in relation to, amongst other things, the proposed Acquisition. On 14 September 2023 (after trading hours of the Stock Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent approximately 55.00% of the entire equity interest of the Target Company at the Consideration of HK\$220,000,000.00, which will be satisfied by cash and the issue of the Promissory Note.

Listing Rules Implications

As at the Latest Practicable Date, one of the shareholders of the Vendor is Ms. Jiang Xinrong, a non-executive Director until her resignation on 28 April 2023 and the spouse of Mr. Chen Ningdi (an executive Director), and she owns approximately 36.60% of the issued share capital of the Vendor. Therefore, the Vendor is an associate of each of Ms. Jiang Xinrong and Mr. Chen Ningdi, and accordingly, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On a standalone basis, with more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder (on a standalone basis) constitute disclosable transactions for the Company under Chapter 14 of the Listing Rules.

As disclosed in the Prior Announcements dated 23 May 2022, 18 October 2022 and 17 January 2023, the EW Acquisition was completed on 18 October 2022 and the Prior Acquisition was completed on 17 January 2023. With (A)(i) the Acquisition; and (ii) the completion of each of the EW Acquisition and the Prior Acquisition took place within a 12-month period; (B) the vendor of the sales of the entire issued share capital of Emerald Wealth Management Limited is the wholly-owned subsidiary of the Vendor; and (C) the vendor of the sales of shares in the Target Company is the same in both the Prior Acquisition and the Acquisition, the Acquisition, the Prior Acquisition and the EW Acquisition shall be aggregated as if they were one transaction pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition, the Prior Acquisition and EW Acquisition exceed 5% but all of them are less than 25%, the EW Acquisition, the Prior Acquisition, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

In view of the above, the Acquisition is correspondingly subject to the reporting, announcement, the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Any Shareholders or their respective associates with a material interest in the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM.

LETTER FROM VINCO FINANCIAL

The relevant interested Shareholders, namely:

- (i) Mr. Chen Ningdi, Ms. Jiang Xinrong and their respective associates, as they together held 779,928,099 Shares in aggregate, representing approximately 53.64% of the issued share capital of the Company as at the Latest Practicable Date;
- (ii) Mr. Ai Kuiyu, his spouse and their respective associates, as they together held 6,667,299 Shares in aggregate, representing approximately 0.46% of the issued share capital of the Company as at the Latest Practicable Date;
- (iii) Mr. Lang Joseph Shie Jay's spouse and the respective associates of Mr. Lang Joseph Shie Jay and hers, as they together held 1,427,400 Shares in aggregate, representing approximately 0.098% of the issued share capital of the Company as at the Latest Practicable Date; and
- (iv) Ms. He Zhiying and her associates as they together held 6,044,874 Shares in aggregate, representing approximately 0.42% of the issued share capital of the Company as at the Latest Practicable Date,

will abstain from voting on the resolution approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

Independent Board Committee

The Independent Board Committee comprising Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. We have been appointed and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and Independent Shareholders as a whole and whether the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM VINCO FINANCIAL

Our Independence

As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independence Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. We are eligible to give independent advice and recommendations on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. Apart from the normal professional fees payable to us in connection with the present appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts, the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

We also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

LETTER FROM VINCO FINANCIAL

The Directors collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed all currently available information and documents particularly, (i) the annual report of the Company for the year ended 31 March 2023 (the “**Annual Report 2022/23**”); (ii) the Sale and Purchase Agreement; (iii) the announcement of the Company dated 14 September 2023; (iv) the Prior SPA; (v) the Prior Announcements; (vi) the audited financial statements of the Target Company for the year ended 31 December 2022; (vii) the management accounts of the Target Company for the six months ended 30 June 2023; and (viii) the valuation report prepared by the Independent Valuer (the “**Valuation Report**”). Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Acquisition, entering into the Sale and Purchase Agreement and the transactions contemplated thereunder, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the transaction, we have considered the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the main board of the Stock Exchange (stock code: 1709).

The Group is principally engaged in (A) provision of financial services of licensed businesses including (i) financial advisory services; (ii) securities research services; (iii) securities trading and brokerage services; (iv) margin financing services; (v) referral services; (vi) asset management services; and (vii) investment management and advisory services to customers; (B) provision of money lending services; (C) sales of apparel products with the provision of supply chain management total solutions to customers; and (D) provision of enterprise solutions services.

Set out below in the Table A is a summary of the consolidated financial information of the Group for the year ended 31 March 2023 (“**FY2023**”) and the year ended 31 March 2022 (“**FY2022**”) as extracted from the Annual Report 2022/23:

LETTER FROM VINCO FINANCIAL

“Table A”

	FY2023	FY2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	191,116	309,065
– Financial services of licensed business	136,853	141,352
– Money lending services	16,656	15,042
– Sales of apparel products	22,327	130,381
– Enterprise solutions services	15,280	22,290
 (Loss)/profit for the year	 (49,177)	 109,775
	 As at	 As at
	31 March	31 March
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
 Total assets	 894,686	 914,780
Total liabilities	458,938	388,619
Net assets	435,748	526,161

FY2023 vs FY2022

With reference to the Annual Report 2022/23, the revenue of the Group decreased by approximately 38.2% from approximately HK\$309.1 million in FY2022 to approximately HK\$191.1 million in FY2023. The decrease in revenue was mainly attributable to the decrease in revenue from the apparel business of approximately HK\$108.1 million and the slight decrease in revenue generated from the financial services businesses of approximately HK\$4.5 million.

The Group recorded a loss for the year of approximately HK\$49.2 million in FY2023 while a profit for year of approximately HK\$109.8 million in FY2022, the difference of which was approximately HK\$159.0 million. Such change was mainly attributable to (i) the decrease in gross profit of approximately HK\$70.1 million; and (ii) the net losses on disposals of financial assets at fair value through profit or loss (“**financial assets at FVTPL**”) of approximately HK\$37.8 million in FY2023 as compared to the net fair value gains on financial assets at FVTPL of approximately HK\$34.8 million recorded in FY2022.

LETTER FROM VINCO FINANCIAL

The Group's audited total assets and total liabilities as at 31 March 2023 amounted to approximately HK\$894.7 million and HK\$458.9 million respectively. The Group's audited consolidated net assets value amounted to approximately HK\$435.7 million as at 31 March 2023, representing a decrease of approximately 17.2% as compared to that of approximately HK\$526.2 million as at 31 March 2022 mainly due to the reported loss. The gearing ratio, which was calculated by dividing total debts (including bank borrowing, bonds payable, promissory notes and lease liabilities) by total equity as at the end of the reporting period, remained stable at approximately 39.5% as at 31 March 2022 and approximately 40.0% as at 31 March 2023.

2. Background information of the Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of financial services of licensed businesses including securities advisory services and asset management services. The Target Company is a licensed corporation under the SFO permitted to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities. As at the Latest Practicable Date and immediately prior to the Completion, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns the Sale Shares (i.e. 10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company).

Below is the key financial information of the Target Company:

“Table B”

	For the six months ended 30 June 2023 HK\$ (unaudited)	For the year ended 31 December 2022 HK\$ (audited)	For the year ended 31 December 2021 HK\$ (audited)
Revenue	25,468,811	40,689,215	23,821,861
Profit for the year/period	12,081,371	20,258,819	9,490,605

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“Table C”

	As at 30 June 2023 HK\$ (unaudited)	As at 31 December 2022 HK\$ (audited)	As at 31 December 2021 HK\$ (audited)
Total assets	60,574,558	47,253,522	24,473,074
Total liabilities	6,506,441	5,266,776	2,745,147
Net assets	54,068,117	41,986,746	21,727,927

The revenue generated by the Target Company were approximately HK\$25.5 million for the six months ended 30 June 2023, approximately HK\$40.7 million for the year ended 31 December 2022 and approximately HK\$23.8 million for the year ended 31 December 2021. For the year ended 31 December 2022, the revenue increased by approximately HK\$16.9 million as compared to 2021. The increase was mainly due to the increase in investment advisory fee of approximately HK\$15.5 million and increase in management income fee of approximately HK\$5.1 million. It is noted that the Target Company recorded a net profit of approximately HK\$20.3 million for the year ended 31 December 2022, representing an increase of approximately HK\$10.8 million as compared to a net profit of approximately HK\$9.5 million for the year ended 31 December 2021. Such increase was mainly due to the increase in revenue as mentioned above. For the six months ended 30 June 2023, it is noted that the advisory fee income, referral fee income, client management fee and IFA management fee were approximately HK\$11.3 million, HK\$7.6 million, HK\$5.7 million and HK\$0.9 million, respectively, representing approximately 44.6%, 29.8%, 22.3% and 3.3% of the Target Company’s total revenue, respectively.

The Target Company’s net assets increased from approximately HK\$21.7 million as at 31 December 2021 to approximately HK\$42.0 million as at 31 December 2022 and then to approximately HK\$54.1 million as at 30 June 2023. The increase in net assets was mainly due to the net profit for the year/period.

3. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, in view of the Group’s principal business and the businesses carried out by the Target Company, being the Type 4 (advising on securities) and Type 9 (asset management) regulated activities permitted under the SFO and the DL Family Office License granted, the Group entered into the Prior SPA to proceed with the Prior Acquisition in order to expand, strengthen and direct toward its development as a service provider with full-range and integrated financial services available. Throughout the past financial year since the completion of the Prior Acquisition and up to the Latest Practicable Date, there has been significant growth and development in the Group’s businesses with such regulated activities in connection with the Target Company.

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In view of the favourable track record in terms of the key financial metric stipulated in the section headed “Financial information of the Target Company” above and the business collaboration with the Target Company, the Company believes that the Acquisition proposed to acquire the Sale Shares, which represent the remaining approximately 55.00% of the entire issued share capital of the Target Company will be a meaningful step in realizing the Group’s strategy of creating greater value for the Shareholders and also further strengthening the industry position of the Group. In addition, with the view to further expand its relevant financial services, the Company is of the view that the Acquisition enables the Group to explore and leverage the synergy between the Target Company and the Group, and will be complementary to the Group’s existing operation and business layout, consolidate its existing advantageous position, generate synergies and accelerate the Group’s development.

Overview of family office industry

According to a news “Hong Kong targets 200 family offices by 2025” issued by the Standard on 28 March 2023, Hong Kong plans to provide a series of policies that are expected to attract at least 200 family offices by 2025 and has received inquiries on listings and taxation from family office leaders.

On 24 March 2023, the Hong Kong Government (“**HKG**”) issued “Policy Statement on Developing Family Office Businesses in Hong Kong” which set out the HKG’s policy stance and measures on developing a vibrant ecosystem for global family offices and asset owners in Hong Kong:

- (a) a new Capital Investment Entrant Scheme (“**CIES**”): based on the original CIES, the HKG propose the permissible assets for the scheme to include equities listed in Hong Kong; debts issued or fully guaranteed by companies listed in Hong Kong, by the HKG, or by other corporations, agencies or bodies wholly or partly owned by the HKG; subordinated debts issued by authorised institutions; and eligible collective investment schemes (including investment-linked assurance scheme (ILAS));
- (b) offering tax concessions: subject to approval by the Legislative Council, profits tax exemption will be provided to family-owned investment holding vehicles (FIHVs) managed by single family offices in Hong Kong. The HKG will also further review the existing preferential tax regimes for funds and carried interest;
- (c) market facilitation measures: the Securities and Futures Commission has set up a dedicated communication channel maintained by its licensing team for family office related enquiries both by e-mail or telephone. Having due regard to investor protection, our regulators will introduce a set of more risk-based measures to streamline intermediaries’ suitability assessment and disclosure process for sophisticated or ultra-high-net worth individual clients;
- (d) the Hong Kong Academy for Wealth Legacy: it will offer talent development services to industry practitioners and next-generation wealth owners, with a view to cultivating a deep talent pool for the family office sector in Hong Kong;

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- (e) art storage facilities at the airport: the Hong Kong Airport Authority is actively exploring the establishment of storage, display and appreciation facilities for art and treasures at Hong Kong International Airport. It will enable global family offices with capital allocation in art to benefit from the thriving art ecosystem in Hong Kong;
- (f) Hong Kong as a philanthropic centre: the Inland Revenue Department (IRD) will devise a standard form to facilitate the submission of applications and streamline processing. The IRD will also provide further guidance for applicants to facilitate precise statement of charitable objects;
- (g) the dedicated FamilyOfficeHK team in InvestHK: expand its role to also cover services like facilitating philanthropic endeavors of wealth owners and assisting in education related matters; and
- (h) a new network of family office service providers: the FamilyOfficeHK team under InvestHK will convene and launch a new Network of Family Office Service Providers, covering private banks, accounting and legal firms, trusts and other professional services firms, which provide comprehensive services to family offices.

According to an article name “The Gloves Are Off: Hong Kong Vs. Singapore And The Fight To Lure Family Offices” written by Francois Botha and issued on Forbes (<https://www.forbes.com/sites/francoisbotha/2023/07/09/the-gloves-are-off-hong-kong-vs-singapore-and-the-fight-to-lure-family-offices/?sh=fe18106226f5>) on 9 July 2023, Singapore had over 1,100 family offices registered for tax incentives at the start of the year and launched their own support network in 2021. Singapore is also benefiting from an influx of ultra high net worth individuals coming directly from Hong Kong, which has added geopolitical tensions to complicate its situation. Meanwhile, Hong Kong has over 400 family offices and aims to attract over 200 in the next two years through new tax incentives as well as a recently launched dedicated family office service provider network. They also announced new tax incentives that exempt single family offices from the 16.5% tax on profits from specified transactions across securities, futures, forex and a host of other investment vehicles, while adding in the offer of residency in Hong Kong for investors and their families. Family offices have boomed in Asia in the last decade, with almost a quarter of family offices less than two years old, so the latest incentives by Hong Kong are a timely and necessary move in the competition with Singapore.

Taking into account (i) the vision on the family offices services; (ii) incentive by the HKG to family offices; and (iii) competition among the Asian cities, we are of view that the Acquisition would be advantageous for the Group to capture the abovementioned market opportunity and is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group.

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4. Principal terms of the Sale and Purchase Agreement

Set out below is a summary of the principal terms of the Sale and Purchase Agreement. Independent Shareholders are advised to read further details of the Sale and Purchase Agreement set out in the Letter from the Board:

Date:	14 September 2023 (after trading hours of the Stock Exchange)
Parties to the Sale and Purchase Agreement:	(i) DL Asset Management Limited, as the Purchaser; and (ii) DL Global Holdings Limited, as the Vendor.
Subject Matter:	Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares (i.e. 10,016,651 shares of the Target Company), representing approximately 55.00% of the entire issued share capital of the Target Company.
Consideration:	The Consideration for the Acquisition is HK\$220,000,000.00 in aggregate, which shall be payable by the Purchaser partially in cash to the Vendor's designated bank account by wire transfer and partially settled by the issue of Promissory Note by the Company and will be satisfied in the following manner: (a) an initial refundable deposit in the sum of HK\$22,000,000.00 shall be paid by the Purchaser in cash to the Vendor's designated bank account by wire transfer within five (5) Business Days from the date of the Sale and Purchase Agreement; and

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- (b) the remaining total balance of the Consideration in the sum of HK\$198,000,000.00 shall be, upon Completion, paid and settled by having:
- i. part of the remaining total balance of the Consideration in the sum of HK\$48,000,000.00 paid by the Purchaser in cash to the Vendor's designated bank account by wire transfer; and
 - ii. the remainder, in the sum of HK\$150,000,000.00, settled by the Company's issue of Promissory Note to the Vendor.

As at the Latest Practicable Date, it is anticipated that the total consideration for the Acquisition will be satisfied by the internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to (i) the fair value of the Sale Shares in the amount of HK\$230,200,000.00 as at 30 June 2023 according to the valuation report prepared by the Independent Valuer, adopting the market approach; (ii) the audited net assets of the Target Company amounted to approximately HK\$41.99 million as at 31 December 2022; (iii) the unaudited net assets of the Target Company amounted to approximately HK\$54.07 million as at 30 June 2023; (iv) the financial position and track record as demonstrated from the key financial metrics of the Target Company; and (v) the existing synergies as a result of the Prior Acquisition and are anticipated to be enhanced between the Group and the Target Company as detailed in, and the factors further contemplated under the section headed "Reasons for and Benefits of the Acquisition" in the "Letter from the Board".

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Conditions precedent:

The Acquisition are conditional upon fulfillment (or waiver, as the case may be) of all the following conditions precedent of the Sale and Purchase Agreement on or before the Long Stop Date:

- (i) the Directors passing the ordinary resolutions approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated hereunder (including but not limited to the issue of the Promissory Note) in accordance with the requirements of the Listing Rules, the Company's constitutional documents and all applicable laws and regulations in Hong Kong and the Cayman Islands;
- (ii) the passing of all resolution(s) by the Independent Shareholders in the EGM approving the entering into the Sale and Purchase Agreement by the Company and the performance of the transactions contemplated hereunder in accordance with the relevant provisions in the Listing Rules, the constitutional documents of the Company and all applicable laws and regulations in Hong Kong and the Cayman Islands;
- (iii) the Purchaser having completed the due diligence on the Target Company's assets, legal conditions and conditions regarding its businesses and operations and being and remaining satisfied with the same in all material respects;

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- (iv) the DL Family Office License being valid, enforceable and operative as at the date of the Sale and Purchase Agreement, remains valid, enforceable and operative on Completion Date, and there being no statutes, statutory provisions, regulations, instruments, subordinate legislation, rules, orders, judgments, decisions, conditions and/or notices whatsoever proposed, granted or enforced by the SFC or any other applicable authority which prohibit, restrict, revoke or threaten to prohibit, restrict, revoke, the DL Family Office License entitlement by the Target Company on the Completion Date;
- (v) the representations, warranties and undertaking provided each of the parties under the Sale and Purchase Agreement being true, accurate, valid and not misleading on the execution of the Sale and Purchase Agreement in all material respects and remain true, accurate, valid and not misleading in all material respects as at the Completion Date;
- (vi) no material adverse change regarding the assets, financial position, business or prospects or results of operations of the Target Company up to the Completion Date; and
- (vii) all authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Sale and Purchase Agreement and the transactions contemplated hereunder having been complied, granted, received or obtained by the Purchaser and the Vendor and remain in full force and effect and not revoked up to the Completion Date.

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Save for the conditions precedent set out under sub-paragraphs (iii) and (v) above by written notice, none of the above conditions precedent can be waived. If any of the conditions is not fulfilled (or as the case may be, waived) on or before 31 December 2023 (i.e. the long stop date contemplated under the Sale and Purchase Agreement for the fulfillment of the above conditions for the Acquisition), or such later date as the parties to the Sale and Purchase Agreement may agree in writing, the Sale and Purchase Agreement shall be terminated, and all rights, obligations and liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Sale and Purchase Agreement.

As at the Latest Practicable Date, save and except for the condition precedent set out under sub-paragraph (ii) above, all other conditions precedent have been fulfilled. Despite the conditions precedent set out under sub-paragraph (iii) and (v) being capable to be waived, it is, in any event, not the Purchaser's intention to serve any written notice to waive such conditions precedent.

Completion:

Subject to all the conditions precedent under the Sale and Purchase Agreement being fulfilled (or waived, as the case may be), the Completion shall take place at or before 2:30 p.m. on the Business Day falling on the fifth Business Day upon the fulfillment (or, as the case may be, the waiver) of the conditions set out above (or such later date as may be agreed between the parties to the Sale and Purchase Agreement in writing), at the office of the Purchaser or such other place as may be agreed in writing by the parties to the Sale and Purchase Agreement.

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Target Company's financial results will be consolidated into the financial statements of the Company.

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5. Basis of the Consideration

5.1 Valuation report

As disclosed in the Letter from the Board, the Consideration was determined with reference to the preliminary valuation of the Target Company as at 30 June 2023 of HK\$230,200,000 conducted by the Independent Valuer using market approach.

Valuation of the Target Company

In order to assess the fairness and reasonableness of the Consideration, we have obtained and reviewed the Valuation Report in relation to the valuation of the Target Company and the underlying basis and assumptions prepared by the Independent Valuer. As stated in the Valuation Report, the market value of 55% equity interest of the Target Company as at 30 June 2023 (the “**Valuation Date**”) is estimated to be HK\$230,200,000. Accordingly, the Consideration represents a discount of approximately 4.43% to such value.

Scope of work

We have reviewed the terms of engagement of the Independent Valuer and consider that its scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report. Furthermore, we noted that the Valuation Report is prepared in accordance with the International Valuation Standards (the “**IVS2022**”) effective from 31 January 2022 published by the International Valuation Standards Council.

Qualification, experience and independence of the Independent Valuer

We have assessed the qualification, experience and independence of the Independent Valuer in relation to the preparation of the Valuation Report. We understand that Vincent Cheung, being the managing director and Freddie Chan, being the executive director of the Independent Valuer respectively, are persons-in-charge of the Valuation Report, who have over 10 years of experience in the valuation and advisory industry respectively. We have also obtained information on the Independent Valuer’s track records on other valuations and noted that the Independent Valuer has provided a wide range of valuation services to numerous companies listed on the Stock Exchange in the past. The Independent Valuer has also confirmed that it is independent from the Group, the Target Company and their respective associates. Based on the above, we are satisfied with the qualification and experience of the Independent Valuer in relation to the valuation of the Target Company.

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Basis and major assumptions adopted by the Independent Valuer

We have enquired with and were advised by the Independent Valuer that it had performed necessary due diligence works for the preparation of the Valuation Report, which included, among others, review of financial statements of the Target Company and discussion with the management of the Group and/or the Target Company in relation to its development, operations, prospect, and other relevant information.

According to the Valuation Report, the valuation of the Target Company has been valued on a market value basis. Market value is defined as estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. We also note that the Independent Valuer has made major assumptions in valuing businesses of similar nature, including but not limited to that (i) there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company; (ii) the conditions in which the Target Company is operated, and which are material to revenue and costs of the businesses of the Target Company will have no material change; (iii) the information has been prepared on a reasonable basis after due and careful consideration by the client; (iv) competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Company; (v) all licenses and permits that is essential for the operation of the Target Company can be obtained and are renewable upon expiry; and (vi) there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, the Independent Valuer assumes no responsibility for changes in market conditions after the Valuation Date.

Selection of valuation methodology

We have further discussed with the Independent Valuer on the selection of valuation methodology. In arriving at the Valuation, the Independent Valuer made reference to three generally accepted approaches, namely the market approach, cost approach and income approach. According to the Valuation Report, the market approach was adopted for the valuation of the Target Company.

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As advised by the Independent Valuer, the cost approach values assets with reference to the accumulating costs that would incur in order to replace or reproduce the assets in its current condition. This approach is not considered to be an appropriate approach to valuing income-generating assets as it generally does not capture the future expected returns to the asset. Therefore, cost approach is not appropriate to estimate the equity interest of the Target Company and is not adopted in the valuation. For the income approach, it values assets with reference to the capitalised value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the assets. However, the principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the asset life. This approach estimates the future economic benefits and discounts these benefits to their present value using an appropriate discount rate for all risks associated with realising those benefits. The income approach is not optimal to value the Target Company as this approach involves financial forecast information and the adoption of more assumptions than the other two approaches, not all of which can be easily justified or ascertained. When considering the market approach, the Independent Valuer noted that there is a group of listed companies which engaged in similar business operation as the Target Company. Such comparable companies provided a benchmark of valuation multiples for the assessment of the Target Company. We also understand from the Independent Valuer that the market approach reflects the value obtained from a consensus of market participants over the corresponding industry. It is generally agreed that such an approach involves less subjective assumptions and judgements in a valuation as this is principally based on comparison. We concur with the Independent Valuer that the market approach is the most appropriate approach for the valuation of the Target Company.

Under the market approach, there are two commonly used methods of valuation, namely (i) guideline public company method and (ii) the comparable transaction method. The Independent Valuer has determined that guideline public company method is to be applied as there are certain number of publicly traded companies engaged in the same or similar line of business as the Target Company that can be identified. The prices of publicly traded stocks in the same or a similar industry provide objective evidence as to the values at which investors are willing to buy and sell the interest of the companies in that industry. In applying guideline public company method, the Independent Valuer computes a valuation multiple (i.e. the P/E as explained below) for various benefit streams for each guideline public company. The appropriate valuation multiple is determined and adjusted for the unique aspects of the Target Company being valued. This valuation multiple is then applied to the Target Company to arrive at an estimate of value for the appropriate ownership interest. Since the purpose of the valuation is to determine the equity interest, the valuation multiples are based on equity value. A valuation multiple represents a ratio that uses a comparable company's market value as at the Valuation Date as the numerator and the comparable company's operating results (or financial position) as the denominator.

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The Target Company is principally engaged in provision of financial services of licensed businesses including securities advisory services and asset management services. Further to our enquires with the management of the Group and the Independent Valuer, the Target Company is mainly engaged in providing a full range of asset management services and family office operations and services for ultra high net worth families including cash management, venture capital, family trust, oversea structure, worldwide asset allocation, insurance business, fixed asset investment, corporate governance, family governance, charity, and education consulting. As set out in the Valuation Report, the Independent Valuer has identified six comparable companies (the “**Comparable Companies**”) with reference to data as extracted from publicly available information including S&P Capital IQ. In selecting the appropriate comparable companies, the Independent Valuer has adopted the following selection criteria:

- (i) the comparable companies derive the sales mainly in the family office investment services or asset management services for high-net-worth clients;
- (ii) the comparable companies are listed in well-recognized stock exchange;
- (iii) the comparable companies have recorded net profits for the two financial years prior to the Valuation Date;
- (iv) the comparable companies have sufficient operating histories; and
- (v) The financial information of the comparable companies is available to the public.

For further details of the Comparable Companies, please refer to the Valuation Report as set out in Appendix I to the Circular. As confirmed by the Independent Valuer, the list of Comparable Companies is exhaustive based on the selection criteria set out above.

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We have discussed with the Independent Valuer on such selection criteria and reviewed the scope of business of the Comparable Companies. We have also obtained and reviewed the report of screening of the Comparable Companies with the input of the selection criteria set out above. Further, we have checked the market capitalisation and the published financial results of the Comparable Companies. We did not note any information which would cause us to doubt the accuracy and completeness of the information in respect of the Comparable Companies set out in the Valuation Report. We noted that the Comparable Companies are listed companies whereas the Target Company is a private company. Based on our discussion with the Independent Valuer, we consider that the Independent Valuer's selection criteria are appropriate and sufficient for the Valuation as (i) it enables the Independent Valuer to identify companies with similar business, and (ii) it has sufficient data publicly available for it to conduct the Valuation. We understand from the Independent Valuer that the first criteria above would help identify companies with operating in the similar industry of the Target Company. Also, in regard to point (iii) above, we have discussed with the Independent Valuer and understand that (i) the adoption of profit-making requirement is the necessary condition to derive a positive P/E; (ii) the Independent Valuer has selected Comparable Companies which recorded net profit for two years prior to the Valuation Date in order to reduce the impact of the short-term changes in the performance of the Comparable Companies. Based on the above, we are of the view that the adoption of net profits for the two financial years prior to the Valuation Date is fair and reasonable. Based on our search on S&P Capital IQ, a third-party database service provider designed by Standard & Poor's, with reference to the above selection criteria, we have identified six comparable companies which are the same as those identified by the Independent Valuer as set out in the Valuation Report. We consider that no other suitable comparable company is omitted as our independent research results are identical to those identified by the Independent Valuer. Based on our independent research on the Comparable Companies, we are of the view that all of the Comparable Companies fit the selection criteria and are fair and representative. In view of the above, we consider that the selection criteria adopted by the Independent Valuer in identifying the Comparable Companies are appropriate.

We noted that the Independent Valuer has considered the price-to-sale ratio ("P/S"), price-to-earnings ratio ("P/E") and price-to-book ratio ("P/B"). However, when a company operates at its normal earnings level, the use of P/S and P/B may not be an effective measure of the earnings capability of the company. They do not account for the profitability of the business, and fail to reflect the true earnings power and value of the business. Furthermore, the Target Company is engaged in provision of asset management services which is asset-light in nature. Based on the above, we concur with the Independent Valuer that P/S and P/B is not appropriate. We understand from the Independent Valuer that they consider P/E to be the most appropriate multiple as earnings is the primary determinant of the Target Company's value.

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We noted that the Comparable Companies are listed in different countries and have different size in terms of market capitalisation. As confirmed by the Independent Valuer, though the selected comparable companies are listed in different stock exchanges, it is not observed that such factor is correlated to any material premium or discount on the valuation multiples of the selected comparable companies. Based on our independent research, the Comparable Companies are listed in the United Kingdom and the United States which are matured exchanges and considered to have (i) active securities markets with high trading volume; (ii) comparable accounting standards; and (iii) international investors. We have reviewed the IVS2022 and made enquires with the Independent Valuer and note that the listing on a well-recognised stock exchange is an appropriate indication for selection of comparable companies. As the Comparable Companies are listed in stock exchanges with similar background mentioned in above, we concur with the view of the Independent Valuer that no adjustment is applied to address for the aforementioned factor. As advised by the Independent Valuer, a size premium is adopted for adjusting the multiples. The size premium differential reflects the additional risk premium required by investors for companies that are relatively smaller. Smaller companies are perceived as riskier in relation to business operation and financial performance, resulting in lower valuation multiple. Small company risk premium is the additional return required by small company investors to compensate the higher perceived risks of small companies. The small company risk premium is made reference to 2022 Valuation Handbook – Guide to Cost of Capital (“**Handbook**”). The Handbook is the study of historical capital markets data in the United States. Commonly used by valuers, consultants, and analysts to analyse asset class performance, the Handbook contains the CRSP Decile Size Premia Study. We have obtained and reviewed the Handbook and we have checked the size premium of each of the Comparable Companies and the Target Company was selected based on their market capitalisations. As such, we are of the view that the size premium is fair and reasonable.

We also noted that the Comparable Companies are listed companies whereas the Target Company is a private company. Therefore, the Independent Valuer adopted a lack of marketability discount (“**DLOM**”) to adjust the market value of the Target Company in according with Stout Restricted Stock Study Companion Guide 2022 Edition (the “**Stout Guide**”), which we consider a reliable reference as it is published by Stout Risius Ross, LLC, a global investment bank and advisory firm providing services including mergers and acquisitions advice, private capital raising, and other financial advisory services to family-owned businesses, private equity firms and their portfolio companies, divisions of large corporations, and secured and unsecured creditors of middle market debtors. We consider it a reasonable adjustment for making appropriate comparison. For our due diligence purpose, we have reviewed the result of the Stout Guide obtained from the Independent Valuer and noted that the adopted lack of marketability discount of 20.6% is the mean of the transaction discounts of 763 private company transactions globally over since July 1980. After our independent research, we have also checked that in various recent circulars of the listed companies in Hong Kong, the DLOM was adopted with reference to the Stout Guide in respective valuation reports. The discount was calculated by dividing the difference between the private placement price and the market reference price by the market reference price.

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Control Premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of the identified comparable companies represents the market transaction of minority interests, therefore adjustment has been made to reflect the degree of control associated with a 100% equity interest in the Group. The Independent Valuer adopted Control Premium of 33.3% based on Factset Mergerstat Control Premium Study. For our due diligence purpose, we have independently reviewed Factset Mergerstat Control Premium Study obtained from the Independent Valuer and noted that the Control Premium was the median of invested capital control premiums of a list of 131 deals of majority control and/or privatisations globally in the finance, insurance and real estate industry during the third quarter in 2022 based on Factset Mergerstat Control Premium Study. Given the statistics on recent acquisition of majority control and/or privatisations, we concur with the view of the Independent Valuer that the average control premium of the relevant transactions is a valid reference for determining the control premium for the Target Group and the control premium of approximately 33.3% applied by the Independent Valuer to be reasonable.

In arriving at the valuation of the Target Company of HK\$418,603,606, the Independent Valuer derived the equity value of 100% equity interest of the Target Company by multiplying the normalised annual net profit of the Target Company for trailing twelve months ended 30 June 2023 by the mean of adjusted P/E of the Comparable Companies, and then adjusted for (i) a discount for lack of marketability of 20.6%; and (ii) a control premium of 33.3%.

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Below is the summary of the calculation of the Valuation extracted from the Valuation Report:

	Per Valuation Report (HK\$)
P/E	16.97 x
Unaudited TTM Net Profits as of 30 June 2023	<u>23,299,401</u>
100% Equity Value (before DLOM and Control Premium)	395,505,305
Adjustments:	
Less: Lack of marketability discount (20.6% discount)	<u>(81,474,093)</u>
100% Equity Value (after DLOM and before Control Premium)	314,031,212
Add: Control premium (33.3% premium)	<u>104,572,394</u>
100% Equity Value (after DLOM and Control Premium)	<u><u>418,603,606</u></u>
55% Equity Value (after DLOM and Control Premium)	<u><u>230,231,983</u></u>
55% Equity Interest of Target Company by P/E (Rounded)	<u><u>230,200,000</u></u>

Based on our review on the Valuation Report and our discussion with the Independent Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the valuation of the Target Company.

Based on above, we are of the view that the valuation of the Target Company was arrived at after due and careful consideration while the Consideration is set at a discount to the valuation of the Target Company, we concur with the view of the Directors that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

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6. Principal terms of the Promissory Note

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company shall issue the Promissory Note to the Vendor for settlement of part of the Consideration. The principal terms and conditions of the Promissory Note are as follows:

Parties to the Promissory Note

- (i) the Company, as the issuer of the Promissory Note; and
- (ii) the Vendor, as the noteholder of the Promissory Note.

Terms of the Promissory Note

Principal Amount:	HK\$150,000,000.00
Interest:	Nil
Maturity Date:	The Company shall repay the outstanding principal sum on the date falling two years from the date of issue of the Promissory Note (or if that is not a Business Day, the first Business Day thereafter).
Security:	The obligations of the Company under the Promissory Note are unsecured.
Transferability:	The Promissory Note may be transferred or assigned by the noteholder(s) to any persons (except for connected persons of the Company) provided that the noteholder(s) shall serve a prior written notice to the Company of not less than ten (10) Business Days.

LETTER FROM VINCO FINANCIAL

In respect of the settlement method of the Consideration, we have compared the Promissory Note against other possible means for settlement of the Consideration of the Acquisition (including but not limited to issue of consideration shares and convertible bonds, equity financing such as placing of new shares and rights issue/open offer). Taking into account the facts that settling the Consideration by way of (i) solely on cash would incur an immediate impact on the working capital of the Group as the cash and cash equivalents of the Group was approximately HK\$83.5 million as at 31 March 2023 which is not sufficient to settle the Consideration and the Company needs to maintain flexibility by keeping sufficient cash and cash equivalents for its operations; (ii) issue of consideration share and/or convertible bonds would dilute the shareholding of the existing Shareholders; (iii) rights issue/open offer will not result in any dilution to shareholdings but the fund raising exercise would be more costly and time consuming; and (iv) issue of the Promissory Note would not incur an immediate impact on the working capital of the Group nor dilute the shareholding of the existing Shareholders, with nil interest rate, we are of the view that settling part of the Consideration by way of issue of the Promissory Note is in the interests of the Company and the Shareholders as a whole.

In order to assess the fairness and reasonableness on the terms of the Promissory Note, we have conducted search on the website of the Stock Exchange for relevant transactions which involved the issue of promissory note for acquisitions, announced by companies listed on the Stock Exchange (the “PN Comparables”) during the 18 months prior to 14 September 2023 (being the date of the Sale and Purchase Agreement) (the “Comparable Period”). In our assessment, we have attempted to identify an exhaustive and complete list of six PN Comparables.

We consider that (i) the PN Comparables serve as a general reference of the recent promissory notes transactions being conducted under similar market conditions; and (ii) the number of the PN Comparables identified demonstrate the market practice during the period and allow the Independent Shareholders to have a general understanding of recent issues of promissory note being conducted in the capital market of Hong Kong. Shareholders should note that the businesses, operations and prospects of the Company may not be the same as, or even substantially vary from, that of the PN Comparables, and we have not conducted any detailed investigation into the respective businesses and operations of the PN Comparables. Set out below is the summary of the PN Comparables:

Date of announcement	Stock code	Company name	Whether it is a connected transaction	Principal amounts HK\$	Term (years)	Interest rate per annum (%)
30 December 2022	1069	China Bozza Development Holdings Limited	No	120,000,000	5	nil for the first year, 2% per annum for the second year, 3% per annum for the third year; 4% per annum for the fourth year, and 6% per annum for the fifth year

LETTER FROM VINCO FINANCIAL

Date of announcement	Stock code	Company name	Whether it is a connected transaction	Principal amounts HK\$	Term (years)	Interest rate per annum (%)
23 September 2022	3882	Sky Light Holdings Limited	No	94,242,883	2	Nil
16 August 2022	8195	Legendary Group Limited	No	12,400,000	3	5
12 August 2022	851	Sheng Yuan Holdings Limited	No	230,724,000	2-2.58	12.5
5 August 2022	1481	Smart Globe Holdings Limited	No	156,000,000	1-2	Nil
10 June 2022	348	China Healthwise Holdings Limited	No	15,000,000	3	9
		Promissory Note	Yes	150,000,000	2	Nil

We noted that (i) the principal amounts of the PN Comparables ranged from approximately HK\$12.4 million to approximately HK\$230.7 million while the principal amounts of the Promissory Note is HK\$150 million; (ii) the term of the PN Comparables ranged from 1 year to 5 years while the term of the Promissory Note is 2 years; and (iii) the interest rates of the PN Comparables ranged from nil to 12.5%, while the interest rate of the Promissory Note was nil.

In view of the above and taking into account the reasons for and benefits of the Acquisition as discussed in the sub-section above headed “3. Reasons and benefits of the Acquisition”, we are of the view that the principal terms of the Sale and Purchase Agreement including the Consideration, and the principal amounts, the interest rate and the term of the Promissory Note are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Financial effects of the Acquisition on the Group

Upon Completion, the Target Company will become a subsidiary of the Company and accordingly, the financial results and financial position of the Target Company will be consolidated into the consolidated financial statements of the Group.

Total assets and total liabilities

As advised by the management of the Group, the total assets and liabilities of the Group will increase upon completion of the Acquisition as enlarged by the assets and liabilities of the Target Group.

LETTER FROM VINCO FINANCIAL

Earnings

As disclosed in “Table B” in the section “2. Background information of the Target Company” above, the Target Company recorded revenue of approximately HK\$40.7 million and profit after tax of the Target Company of approximately HK\$20.3 million for the year ended 31 December 2022. As advised by the management of the Group, it is expected that the revenue and profits of the enlarged Group will increase upon completion of the Acquisition as a result of the consolidation of financial performance of the Target Company.

OPINION

Having considered the above reasons, we are of the view that the Acquisition is not in the ordinary and usual course of business of the Group, but the Acquisition, terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Vinco Financial Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

1. PREAMBLES

1.1. Instruction

Vincorn Consulting and Appraisal Limited (“**Vincorn**”) are pleased to submit our valuation report, which has been prepared for DL Holdings Group Limited (the “**Instructing Party**” or the “**Company**”) for discloseable transaction purpose.

The valuation has been carried out in accordance with the engagement letter dated 28 July 2023 (the “**Engagement Letter**”) signed between the Instructing Party and Vincorn. The extent of our professional liability to you is outlined in the Engagement Letter.

1.2. Subject

55% Equity Interest of DL Family Office (HK) Limited.

DL Family Office (HK) Limited (the “**Target Company**” or the “**Subject**”) mainly engaged in providing a full range of asset management services and family office operations and services for ultra high net worth families including cash management, venture capital, family trust, oversea structure, worldwide asset allocation, insurance business, fixed asset investment, corporate governance, family governance, charity, and education consulting.

1.3. Valuation Date

The valuation date is 30 June 2023.

1.4. Valuation Basis

The valuation has been prepared in accordance with the International Valuation Standards effective from 31 January 2022 published by the International Valuation Standards Council, where applicable.

The Target Company has been valued on market value basis.

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.5. Currency

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars (“**HKD**”).

1.6. General Reservations

The purposes of the valuation do not alter the approach of the valuation.

A valuation is a prediction of price, not a guarantee. By necessity, it requires valuers to make subjective judgements that, even when logical and appropriate, may differ from those made by a purchaser or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

Business values can change substantially, even over a short period of time, so our opinion of values could differ significantly if the date of valuation was to change. If you wish to rely on our valuation for any other dates, you should consult us first. We recommend that you keep the valuation under frequent review. You should not rely on this report unless any reference to the legal titles has been verified as correct by your legal advisers.

1.7. Caveats and Assumptions

This report is subject to and includes our Standard Caveats and Assumptions as set out in the appendices at the end of this report, as well as our agreed terms of our engagement.

1.8. Limiting Conditions

The valuation report is subject to the limiting conditions as attached in Appendix 1.

1.9. Confidentiality

The information contained herein is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of the information contained herein.

1.10. Non-disclosure

Neither the whole nor any part of the valuation report nor any reference thereto may be included in any published documents, circulars or statements, nor published in any ways whatsoever without a prior written approval of Vincorn as to the form and context in which it may appear, except as requested by the relevant regulatory body, including the Stock Exchange of Hong Kong Limited and the Securities and Futures Commission.

1.11. Statement of Independence

We hereby certify that we have neither present nor prospective interest in DL Holdings Group Limited, the Target Company, their respective subsidiaries and associated companies or the result reported. In addition, our directors are neither directors, supervisors nor officers of DL Holdings Group Limited or the Target Company.

In the course of our valuation, we are acting independently of all parties. Our fees are agreed on a lump-sum basis and are not correlated with the results of our valuation.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, and/or its representative (together referred to as the “**Management**”).

In the course of our valuation, the following processes have been conducted to evaluate the information provided by the Management:

- Discussion with the Management and obtained relevant information in respect of the Target Company;
- Examined the relevant basis and assumptions of the financial information in respect of the Target Company provided by the Management;
- Conducted appropriate researches to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Arriving at our valuation opinion based on the assumptions stated in this report and on information provided by the Management.

No on-site inspection has been made as part of the agreed-upon procedures for this valuation task.

3. SOURCES OF INFORMATION

In conducting our valuation of the Target Company, we have considered, reviewed and relied upon the following key information which is available to the public or provided by the Management:

- Background of the Target Company and relevant corporate information;
- Historical financial information of the Target Company for the period from 1 July 2022 to 31 December 2022 and the 6-month period ended 30 June 2023;
- Relevant document of the transaction; and
- S&P Capital IQ database and other reliable sources.

4. VALUATION ASSUMPTION AND RATIONALE

For the purpose of determining the equity interest of the Target Company, we have considered all the prominent factors affecting the value and assumed, including but not limited to, the following:

- We have assumed that there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;

- We have assumed that the conditions in which the Target Company is operated, and which are material to revenue and costs of the businesses of the Target Company will have no material change;
- We have assumed that the information has been prepared on a reasonable basis after due and careful consideration by the Client;
- We have assumed that competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Company;
- We have assumed that all licenses and permits that is essential for the operation of the Target Company can be obtained and are renewable upon expiry; and
- We have assumed that there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

5. VALUATION METHODOLOGY

5.1. Selection of Valuation Approach

There are three generally accepted approaches to assess the equity interest of the Target Company, namely, Market Approach, Cost Approach and Income Approach. Each of these approaches is appropriate in one or more circumstances. Whether to adopt a particular approach will be determined with reference to the most common adoption when similar subjects are being valued.

Market Approach

Market Approach values assets based on comparison with recent market transactions of selling similar assets. Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative.

As advised by the Company, the Subject are expected to sustain its existing business operations in the foreseeable future. Therefore, we have considered that market approach is the most optimal approach for valuing the Subject.

Cost Approach

Cost Approach values assets with reference to the accumulating costs that would incur in order to replace or reproduce the assets in its current condition. This approach is not considered to be an appropriate approach to valuing income-generating assets as it generally does not capture the future expected returns to the asset.

We have considered but decided against Cost Approach as this approach disregards the future profit potentials of the Target Company. Therefore, Cost Approach is not appropriate to estimate the equity interest of the Target Company and is not adopted in our valuation.

Income Approach

Income approach values assets with reference to the capitalized value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owing the assets.

The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the asset life. This approach estimates the future economic benefits and discounts these benefits to their present value using an appropriate discount rate for all risks associated with realizing those benefits. We have also considered that the income approach is not optimal to value the Subject as this approach involves financial forecast information and the adoption of more assumptions than the other two approaches, not all of which can be easily justified or ascertained.

5.2. Valuation of the Market Value of the Target Company

Guideline Public Company Method

The premise behind the guideline public company method (“**Guideline Public Company Method**”) is that the prices of publicly traded stocks in the same or a similar industry provide objective evidence as to the values at which investors are willing to buy and sell the interest of the companies in that industry. In applying Guideline Public Company Method, we compute a valuation multiple for various benefit streams for each guideline public company. The appropriate valuation multiple is determined and adjusted for the unique aspects of the Target Company being valued. This valuation multiple is then applied to the Target Company to arrive at an estimate of value for the appropriate ownership interest. Since the purpose of the valuation is to determine the equity interest, the valuation multiples are based on equity value. A valuation multiple represents a ratio that uses a comparable company’s market value as at the Valuation Date as the numerator and the comparable company’s operating results (or financial position) as the denominator.

The P/E ratio are considered appropriate for this valuation since it reflects the significant business and profitability of the Target Company. As a result, we have considered P/E ratio to be appropriate in this valuation.

Once we have selected certain guideline public companies and made the necessary adjustments to their financial information when needed, the next step is to determine and compute the appropriate valuation multiples, and the calculation method is the same for all selected guideline public companies. The process of computing the valuation multiple in this case consists of the following procedures:

- a) Determination of the equity value for each guideline public companies as at the Valuation Date. The equity value for each guideline public companies, which is the market capitalization, is made reference to S&P Capital IQ as at the Valuation Date.
- b) Determination of the measure of operating result, which are net income as at the valuation date. This measure of operating result represents the denominator of the valuation multiple.

The application of this method depends on the selection of guideline public companies that are similar enough to the underlying business of the Target Company so as to provide a meaningful comparison. We exercised due care in the selection of guideline public companies by using reasonable criteria in deciding whether a particular guideline public company is relevant. When the similarity between the Target Company and the guideline public companies is so low that a meaningful comparison cannot be made, we would then question the use of this Guideline Public Company Method.

The Comparable Companies for deriving the ratios

Due care was exercised in the selection of Guideline Public Companies by using reasonable criteria in deciding whether or not a particular company is relevant. In selecting the Guideline Public Companies, we started with the description of the potential companies, in terms of lines of business, financial results and other criteria. In order to comprise a representative set of guideline public companies to derive the valuation result, certain criteria have to be set to ensure similarity between the guideline public companies and the Target Company.

Firstly, our focus is to identify listed companies which engaged in delivering family office services and asset management services since the principal business of the Subject is mainly to providing a full range of family office operations and asset management services and these companies should be listed in the stock exchange. As a result, listed companies with similar business exposure in relation to the principal activity of the Subject are identified. We consider this selection basis is reasonable and the sample list is fair and representative. As a result, the comparable companies were selected with reference to the criteria as follows:

- The comparable companies derive the sales mainly in the family office investment services or asset management services for high-net-worth clients;
- The comparable companies are listed in well-recognized stock exchange;

- The comparable companies have recorded net profits for the two financial years prior to the Valuation Date;
- The comparable companies have sufficient operating histories; and
- The financial information of the comparable companies is available to the public.

We then identified six guideline public companies to be comparable to the Target Company with the aforesaid criteria, and calculated P/E ratio for each guideline public companies. The following is the exhaustive list of the guideline public companies that we have selected in connection with the valuation of the Subject.

Details of the Comparable Companies:

Company Name	Ticker	Business Description
JTC PLC	LSE:JTC	JTC PLC provides fund, corporate, and private wealth services to institutional and private clients. The company operates through two segments, Institutional Client Services and Private Client Services. It offers fund services in a range of asset classes, including real estate, private equity, renewables, hedge, debt, and alternative asset classes, as well as other administration services. In addition, the company provides company secretarial and administration services to small and medium sized entities, public companies, multinationals, sovereign wealth funds, fund managers, HNW and UHNW individuals and families. Further, the company offers cash management, foreign exchange, and lending services, as well as the formation and administration of trusts, companies, cash and investments, partnerships, and other vehicles and structures. It operates in UK and Channel Islands, US, Rest of Europe, and Internationally. JTC PLC was founded in 1987 and is headquartered in Saint Helier, the United Kingdom.

Company Name	Ticker	Business Description
Gresham House plc	AIM:GHE	<p>Gresham House plc is a publicly owned investment manager. It provides its services to individual investors, financial advisers, institutional investors, charities and endowments, family offices, and business owners. The firm invests in the public equity of European markets and United Kingdom. The firm invests in opportunities in private equity markets. The firm offer a broad range of funds, direct investments and tailored investment opportunities, including co-investment, across five alternative investment strategies. Gresham House plc was founded in 1857 and is based in London, the United Kingdom.</p>
Brooks Macdonald Group plc	AIM:BRK	<p>Brooks Macdonald Group plc, through its subsidiaries, provides a range of investment and wealth management services to private clients, pension funds, professional intermediaries, and trustees in the United Kingdom and the Channel Islands. It operates through two segments, UK Investment Management and International. The company offers financial planning advisory services to high-net-worth individuals, families, and businesses; and multi-asset and specialist fund products to the retail sector, as well as investment options. Brooks Macdonald Group plc was founded in 1991 and is headquartered in London, the United Kingdom.</p>

Company Name	Ticker	Business Description
Rathbones Group Plc	LSE:RAT	Rathbones Group Plc, together with its subsidiaries, provides individual investment and wealth management services for private clients, charities, trustees, and professional partners in the United Kingdom, Jersey, and internationally. The company operates in two segments, Investment Management and Funds. Its services include discretionary investment management, unit trust management, financial planning and advisory, managed portfolio, and banking and loan services, as well as trust, tax, and legal advisory services. The company was formerly known as Rathbone Brothers Plc and changed its name to Rathbones Group Plc in December 2021. The company was founded in 1742 and is headquartered in London, the United Kingdom.
Silvercrest Asset Management Group Inc.	NasdaqGM:SAMG	Silvercrest Asset Management Group Inc., a wealth management firm, provides financial advisory and related family office services in the United States. The company serves ultra-high net worth individuals and families, as well as their trusts; endowments; foundations; and other institutional investors. It also manages funds of funds and other investment funds. The company was founded in 2002 and is headquartered in New York, New York.

Company Name	Ticker	Business Description
Raymond James Financial, Inc.	NYSE:RJF	<p>Raymond James Financial, Inc., a diversified financial services company, provides private client group, capital markets, asset management, banking, and other services to individuals, corporations, and municipalities in the United States, Canada, and Europe. The Private Client Group segment offers investment services, portfolio management services, insurance and annuity products, and mutual funds; support to third-party product partners, including sales and marketing support, as well as distribution and accounting, and administrative services; margin loans; securities borrowing and lending services; and custodial, trade execution, research, and other support and services. The Capital Markets segment provides investment banking services, including equity underwriting, debt underwriting, and merger and acquisition advisory services; and fixed income and equity brokerage services. The Asset Management segment offers asset management, portfolio management, and related administrative services to retail and institutional clients; and administrative support services, such as record-keeping. The Raymond James Bank segment provides insured deposit accounts; commercial and industrial, commercial real estate (CRE) and CRE construction, tax-exempt, residential mortgage, securities-based, and other loans; loan syndication services; and liquidity management products and services. The Other segment engages in the private equity investments, including invests in third-party funds. The company was founded in 1962 and is headquartered in St. Petersburg, Florida.</p>

Source: S&P Capital IQ and Financial Reports of the Comparable Companies

The above Comparable Companies, together with the Target Company, are similarly subject to fluctuations in the economy and performance of family office investment service related business among other factors. Though the selected comparable companies are listed in different stock exchanges, it is not observed that such factor is correlated to any material premium or discount on the valuation multiples of the selected comparable companies. Therefore, no adjustment is applied to address for the aforementioned factor. As a result, we consider they are confronted with similar industry risks and returns.

Detailed calculation of the valuation multiples of the Comparable Companies are as follows:

Stock Ticker	Currency	Market Capitalization as of Valuation Date (million) ¹	Trailing Twelve Months (“TTM”) Earnings (million) ¹	P/E ratio as of Valuation Date ²	Adopted Size Premium Differential ³	Adjusted P/E Ratio as of Valuation Date ⁴
LSE:JTC	GBP	1,109.41	34.71	31.96x	1.89%	19.92x
AIM:GHE	GBP	256.06	10.73	23.87x	0.90%	19.65x
AIM:BRK	GBP	339.43	21.31	15.93x	1.87%	12.27x
LSE:RAT	GBP	1,088.95	43.68	24.93x	1.68%	17.57x
NasdaqGM:SAMG	USD	191.84	11.78	16.29x	-1.78%	22.94x
NYSE:RJF	USD	21,989.97	1,744.00	12.61x	2.60%	9.50x
					Average	16.97x

Notes:

- The figures are rounded to the nearest million.
- The P/E ratios are calculated by dividing market capitalizations of the Comparable Companies as at 30 June 2023 by its respective latest trailing twelve month (“TTM”) net profits attributable to equity shareholders of the Comparable Companies as of the Valuation Date as extracted from S&P Capital IQ.
- The adopted size premium differential for each of the Comparable Companies is derived as below:

Stock Ticker	Market Capitalization (USD million)	Target Company’s size premium ⁴ (a)	Size Premium ⁵ (b)	Adopted Size Premium Differential ⁶ (a)-(b)
LSE:JTC	1,409.84	3.05%	1.16%	1.89%
AIM:GHE	325.40	3.05%	2.15%	0.90%
AIM:BRK	431.35	3.05%	1.18%	1.87%
LSE:RAT	1,383.83	3.05%	1.37%	1.68%
NasdaqGM:SAMG	191.84	3.05%	4.83%	-1.78%
NYSE:RJF	21,989.97	3.05%	0.45%	2.60%

4. Since the comparable companies may have different size from the Target Company, a size premium is adopted for adjusting the multiples. The size premium differential reflects the additional risk premium required by investors for companies that are relatively smaller. Smaller companies are perceived as riskier in relation to business operation and financial performance, resulting in lower valuation multiple. We have taken into account the impact of the difference in the market capitalization between the Comparable Companies and the Target Company. Set out below is the proposed adjustment to the P/E ratio (the “Adjusted P/E Ratio”) considering the impact of the size difference:

$$\text{Adjusted } \frac{P}{E} \text{ Ratio} = \frac{1}{\frac{1}{P/E \text{ Ratio}} + \text{Adopted Size Premium}}$$

5. Small company risk premium is the additional return required by small company investors to compensate the higher perceived risks of small companies. The small company risk premium is made reference to 2022 Valuation Handbook – Guide to Cost of Capital (“Handbook”). The Handbook is the study of historical capital markets data in the United States. Commonly used by valuers, consultants, and analysts to analyse asset class performance, the yearbook contains the CRSP Decile Size Premia Study. The premia in the Handbook were calculated using the data sources: (i) Standard and Poor’s, (ii) the Center for Research in Security Prices (CRSP) at the University of Chicago Booth School of Business and (iii) Morningstar – the actual “SBBI” data series in the Handbook.

	Market Capitalization of Smallest Company <i>(in USD millions)</i>	Market Capitalization of Largest Company <i>(in USD millions)</i>	Size Premium (Return in Excess of CAPM)
Mid Cap	2,365.425	12,323.854	0.62%
Low Cap	377.076	2,365.076	1.21%
Micro Cap	2.015	373.879	3.05%

6. The Adopted Size Premium of each of the Comparable Companies is derived by the formula below:

Adopted Size Premium Differential = Target Company’s Size Premium – Size Premium of each of the Comparable Companies

Discount for Lack of Marketability (“DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

In the valuation, discount for lack of marketability is referenced to the research of “Stout Restricted Stock Study Companion Guide 2022 Edition”. A discount for lack of marketability of 20.6% was adopted.

Control Premium

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest of a business enterprise that reflects the power of a control. Both factors recognize that controlling owners have rights that minority owners do not have and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a controlling ownership block versus a minority ownership block.

In the valuation, control premium is made reference to the Control Premium Study published by FactSet Mergerstat. A control premium of 33.30%, representing the average equity control premium of the completed transactions in the finance, insurance and real estate industry during the third quarter in 2022, is adopted.

Summary of the Target Company Valuation

Details of the 55% equity interest of the Target Company as at the Valuation Date are as follows:

P/E Ratio*HKD*

55% Equity Value Derived from:	
P/E Ratio	16.97 x
Unaudited TTM Net Profits as of 30 Jun 2023	23,299,401
100% Equity Value (before DLOM and Control Premium)	395,505,305
DLOM (20.6% discount)	(81,474,093)
100% Equity Value (after DLOM and before Control Premium)	314,031,212
Control Premium (33.3% premium)	104,572,394
100% Equity Value (after DLOM and Control Premium)	418,603,606
55% Equity Value (after DLOM and Control Premium)	230,231,983
55% Equity Interest of Target Company by P/E ratio (Rounded):	230,200,000

6. VALUATION CONCLUSION

In our opinion, on the basis of the assumptions and information make available to us, the market value of 55% Equity Interest of DL Family Office (HK) Limited as of 30 June 2023 is reasonably estimated at:

HKD 230,200,000

**(HONG KONG DOLLARS TWO HUNDRED THIRTY MILLION
AND TWO HUNDRED THOUSAND)**

Signed for and on behalf of Vincorn Consulting and Appraisal Limited

Freddie Chan

*BBA-FIN (Hons) CFA ACCA FRM MRICS
RICS Registered Valuer
Executive Director*

Vincent Cheung

*BSc (Hons) MBA FRICS MHKIS RPS(GP) MCIREA
MHKSI MISC MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director*

Appendix 1

Limiting Conditions**1. PRELIMINARY**

- 1.1 These general terms and conditions (the “**Terms and Conditions**”) shall apply to all forms of professional services, provided by Vincorn Consulting and Appraisal Limited, (“**we**”, “**us**” or the “**Firm**”) to the client to whom the service agreement is sent (the “**client**” or “**you**”). They shall apply separately to each service provided to you.
- 1.2 The Terms and Conditions are to be read in conjunction with the service agreement (the “**Agreement**”) sent by us to you. In the event of any ambiguity or conflict between the Agreement and these Terms and Conditions, the provisions in the Agreement shall prevail. These Terms and Conditions and the Agreement may only be varied in writing by agreement between the parties.

2. PERFORMANCE OF THE SERVICES

- 2.1 We undertake to use all reasonable skill and care in providing the services and advice described in the instruction given by you (the “**Services**”). We will inform you if it becomes apparent that the Services need to be varied or external third party advice is required. Any variation is to be confirmed in writing.
- 2.2 We may need to appoint third party providers to perform all or part of the Services and we shall agree this with you in advance.
- 2.3 Where matters beyond the control of ourselves cause delay to the performance of the services we will notify the client as soon as we become aware of the situation. The client agrees that we will not be held responsible for such delay.

3. BASIS OF FEES

- 3.1 The basis of our fees for our Services is set out in the Agreement.
- 3.2 When applicable, VAT shall be payable by you in addition to any fees or disbursements invoiced at the applicable rate.
- 3.3 You shall pay our fees on completion of our Services (whether or not additional work is still to be carried out by third parties) or, where the fees are in relation to an ongoing instruction or an instruction of a duration of more than three months, at least quarterly in arrears upon submission by us of quarterly fee accounts. Payment is due within 30 days of the invoice date.
- 3.4 Where valuations are undertaken for a lender for financing purposes and it is agreed that a borrower will pay our fee, you shall remain primarily liable to pay our fee should such borrower fail to meet its liabilities to us in full. Payment of our fees is not conditional upon the loan being drawn down or any of the conditions of the loan being met.

- 3.5 If you do not dispute with us an invoice or any part thereof within 30 days of the date of such invoice, you shall be deemed to have accepted the invoice in its entirety.
- 3.6 If we are required by you to undertake additional work in relation to an instruction, you shall pay additional fees based upon our usual rates. We will notify you of the amount of such additional fees.
- 3.7 Where there is a change to the stated purpose for which our valuation is being commissioned and in our sole opinion, we deem this to result in an increase in our liability (for example a valuation for accounting purposes being used for financing purposes), we reserve the right to charge an additional fee.
- 3.8 In the event that you withdraw our instructions prior to completion of a valuation, you shall be liable to pay us for a fair and reasonable proportion of our fees and any agreed disbursements. If we have sent you a draft report, such fees shall be subject to a minimum of 80% of the fee originally agreed between us.
- 3.9 We will advise you in advance if it is necessary or convenient to instruct a third party to provide advice or to act as an expert or arbitrator and provide an estimate of the likely cost. If you approve, either verbally or in writing, that the third party be instructed, we will instruct the party as agent on your behalf and request that all the third party's invoices be addressed to you. If we are requested by you to advance payment of the third party invoices, you shall be obliged to reimburse the advance payment made and pay a handling charge.
- 3.10 Where we are instructed to provide Services to one of your subsidiaries or associate/related entities or should you subsequently request that another entity be substituted for you at a later stage and we are unable to seek or obtain payment of any outstanding monies for whatever reason, you shall remain primarily liable to pay those outstanding monies if the subsidiary, associate/related or other entity does not meet its liabilities in relation to the Services.

4. INTEREST

- 4.1 You shall pay interest on the amount of any invoice for fees or other disbursements that remain unpaid for 30 days after the date of the invoice. Interest shall be payable at the prime lending rate published by the Hong Kong and Shanghai Banking Corporation from the date of the invoice until payment is made whether after or before judgement.

5. DISBURSEMENTS

- 5.1 You shall reimburse disbursements incurred in the provision of the Services quarterly in arrears from the date they were incurred. These include, for example, maps, plans, research, photography, copying of documents or plans, messenger delivery, costs of obtaining records of companies or assets, demographic or other similar information, any reproduction, copying or other royalties incurred, additional bound copy reports, costs of external information/references obtained, travel and subsistence expenses at their actual cost and car mileage at the reasonable scales.

6. INFORMATION RECEIVED FROM THE CLIENT

6.1 We will take all reasonable steps to ensure property information is accurate where we are responsible for its preparation. Where you provide us with any information on a property that is necessary or convenient to enable us to provide the Services properly, you are aware that we will rely on the accuracy, completeness and consistency of any information supplied by you or on your behalf and, unless specifically instructed otherwise in writing, we will not carry out any investigation to verify such information. We accept no liability for any inaccuracy or omission contained in information disclosed by you or a third party on your behalf, whether prepared directly by you or by that third party, and whether or not supplied directly to us by that third party, and you shall indemnify us should any such liability arise. Also, in any circumstances, you accept that full investigation of the legal title and any leases is the responsibility of your lawyers.

7. CONFLICTS OF INTEREST

7.1 We have conflict management procedures designed to prevent us acting for one client in a matter where there is or could be a conflict with the interest of another client for whom we are acting. If you are aware or become aware of a possible conflict of this type, please raise it immediately with us. If a conflict of this nature arises, then we will decide, taking account of legal constraints, relevant regulatory body rules and your and the other client's interests and wishes, whether we can continue to act for both parties (e.g. through the use of separate teams with appropriate Chinese Walls), for one only or for neither. Where we do not believe that any potential or actual conflict of interest can be managed appropriately, we will inform you and consult with you as soon as reasonably practicable.

8. MANAGEMENT OF THE ASSET

8.1 We shall not be responsible for the management of the asset nor have any other responsibility (such as maintenance or repair) in relation to the asset. We shall not be liable for any damage that may occur to the asset which we are providing services for. The asset shall be your sole responsibility.

9. VALUATION BASIS AND ASSUMPTIONS**Valuation Date**

9.1 Unless we have said otherwise within the Agreement or our report, the valuation date will be the date of our report.

Basis of Valuation

9.2 Unless we have said otherwise within the Agreement or our report, the valuation will be prepared in accordance with the prevailing International Valuation Standards ("IVS") published by the International Valuation Standards Council.

- 9.3 Each property will be valued on a basis appropriate to the purpose of the valuation, in accordance with the IVS. The basis of valuation that we will adopt for each property is specified in the Agreement and our report.
- 9.4 When assessing Market Value for balance sheet purposes, we will not include directly attributable acquisition or disposal costs in our valuation. Where you have asked us to reflect costs, they will be stated separately.

Specialised Asset

- 9.5 In the case of Specialised Asset (where valuation methods such as market comparison or an income (profits) test cannot be reliably applied), we may use Cost Approach as a method of estimating Market Value. The valuation using this method of an asset in the private sector will include a statement that it is subject to the adequate profitability of the business, paying due regard to the value of the total assets employed. If the asset is in the public sector, the valuation will include a statement that it is subject to the prospect and viability of the continued occupation and use. Any writing down of a valuation derived solely from Cost Approach to reflect the profitability/viability of the entity in occupation is a matter for the occupier.

Specialised Trading Asset

- 9.6 Where appropriate, specialised trading assets will be valued on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.
- 9.7 Where we are instructed to value an operational asset with regard to its trading potential, we will take account of any trading information that either the operator has supplied to us or that we have obtained from our own enquiries. We will rely on this being correct and complete and on there being no undisclosed matters that could affect our valuation. The valuation will be based on our opinion as to future trading potential and the level of turnover and net operating income likely to be achieved by a reasonably efficient operator.
- 9.8 Unless we have said otherwise within the Agreement or our report:-
- (i) the valuation will be made on the basis that each asset will be sold as a whole including all fixtures, fittings, stock and goodwill;
 - (ii) we will assume that the new owner will normally engage the existing staff and the new management will have the benefit of existing and future bookings or occupational agreements (which may be an important feature of the continuing operation), together with all existing statutory consents, operational permits and licences;
 - (iii) we will assume that all assets and equipment are fully owned by the operator and are not subject to separate finance leases or charges;
 - (iv) we will exclude any consumable items and stock in trade; and

- (v) we will assume that all goodwill for an asset is tied to the asset itself and does not represent personal goodwill to the operator.

Real Property

9.9 Unless otherwise advised by you in writing, we will provide the Services in relation to any real properties on the assumption that:–

- (i) the property and any existing buildings are free from any defect whatsoever;
- (ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;
- (iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;
- (iv) roads and sewers serving the property have been adopted and that the property has all necessary rights of access over common estate roads, paths, corridors and stairways and to use common parking areas, loading areas and other facilities;
- (v) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property in respect of which the Services are provided or any adjoining property, and that we shall not be responsible for any investigations into the existence of the same and that you are responsible for making such investigations;
- (vi) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);
- (vii) the property and any existing building comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);
- (viii) appropriate insurance cover is, and will continue to be, available on commercially acceptable terms for any building incorporating types of construction or materials which may pose an increased fire or health and safety risk, or where there may be an increased risk of terrorism, flooding or a rising water table;
- (ix) items of plant and machinery that usually comprise part of the property on an assumed sale are included in the property but items of plant and machinery that are associated with the process being carried on in the property or tenants trade fixtures and fittings are excluded from the property;

- (x) in reflecting the development potential of any property, that all structures will be completed using good quality materials and first class workmanship;
 - (xi) any occupational leases are on full repairing and insuring terms, with no unusually onerous provisions or covenants that would affect value;
 - (xii) in respect of any lease renewals or rent reviews, all notices have been served validly within any time limits;
 - (xiii) vacant possession can be assumed for a premises which is currently occupied by the landlord or a tenant; and
 - (xiv) any mineral rights are excluded from the property.
- 9.10 We will not carry out a structural survey of any property nor will we test services. Further, no inspection will be made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation will be on the basis that the property is free from defect. However, the value will reflect the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.
- 9.11 If we give the age of a building in our report, this will be an estimate and for guidance only.
- 9.12 Where we are required to measure a property we will generally do so in accordance with the Code of Measuring Practice published by the Royal Institution of Chartered Surveyors. However, you should specifically note that the floor areas contained in any report we may publish are approximate and if measured by us will be within a reasonable range of tolerance either way. In cases where the configuration of the floor plate is unusually irregular or is obstructed, this tolerance may be significant.
- 9.13 We will not be able to measure areas that we are unable to access. In these cases we may estimate floor areas from plans or by extrapolation. Where we are required to measure land or site areas, the areas will be approximate and will be measured from plans supplied or registered. They will not be physically checked on site.
- 9.14 The areas we report will be appropriate for the valuation purposes, but should not be relied upon for any other purposes.
- 9.15 Unless specifically instructed in writing to make formal searches with local planning authorities, we shall rely in the provision of our Services for a property on the information provided informally by the local planning authority or its officers. We recommend that your lawyers be instructed to confirm the planning position relating to the property and review our comments on planning in the light of their findings.

- 9.16 We may consider the possibility of alternative uses of a property being permitted. Unless otherwise notified by you in writing, we shall assume that the property and any existing buildings comply with all planning and building regulations, existing uses have the benefit of appropriate planning consent or other statutory authorisation, and that no adverse planning conditions or restrictions apply.
- 9.17 We will not inspect title deeds of a property and we will therefore rely on the information supplied as being correct and complete. In the absence of information to the contrary, we will assume the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we will consider it but we will not take responsibility for the legal interpretation of it.
- 9.18 You should confirm to us in writing if you require us to read leases of a property and if so, provide all the relevant documentation within a reasonable time for consideration bearing in mind the date for receipt of our report. You should not rely upon our interpretation of the leases without first obtaining the advice of your lawyers.
- 9.19 We will take into account any information of a property that you provide concerning any tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, we will assume that the property was let with all alterations and improvements evident during our inspection (or, in the case of valuation without inspection, as described within the information that you provide).
- 9.20 Our valuation for a property will take into account potential purchasers' likely opinion of the financial strength of tenants. However, we will not undertake any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you, we will assume that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.
- 9.21 Any plans we provide to you indicating the site of a property are for identification only. We will rely on our inspection and information that you provide in outlining the extent of each property, but you should not rely upon our plans to define boundaries.
- 9.22 For a recently completed development property, we will not take account of any retentions or outstanding development costs. For a property in the course of development, we will reflect your advice on the stage of construction, the costs already incurred and those still to be spent at the valuation date, and will have regard to any contractual liabilities.
- 9.23 We will not make any allowance in any valuation advice provided for the expenses of realisation or any taxation liability arising from the sale or development of the property.

Comparable

- 9.24 Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation.

Portfolio

9.25 Unless we have said otherwise in the Agreement or our report, each asset will be valued individually; in the case of a portfolio, we will assume that the assets would be marketed in an orderly way and not placed on the market at the same time.

Currency

9.26 We will value in the local currency. If we are to report to you in another currency, unless we have agreed otherwise we will adopt a conversion rate equivalent to the closing rate (“**spot rate**”) on the valuation date.

9.27 Our valuation does not make allowance either for the cost of transferring sale proceeds to another state, or for any restrictions on doing so.

Reinstatement Cost

9.28 In instances where we are instructed to provide an indication of current reinstatement cost for fire insurance purposes, this will be given solely as a guide without warranty. Formal estimates for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of costs.

10. REGULATED PURPOSE VALUATION

10.1 In circumstances where a valuation, although provided for a client, may also be of use to third parties, for instance the shareholders in a company (known as a “Regulated Purpose Valuation”), we will state our policy on the rotation of the valuer who prepares the valuation and the quality control procedures that are in place.

10.2 Irrespective of the purpose of the valuation, we will select the most appropriate valuer for the valuation having regard to his/her expertise and the possible perception that independence and objectivity could be compromised where a valuer has held the responsibility for a particular client for a number of years. This may result in us rotating the valuer responsible for repeat valuations for the same client although we will not do so without prior discussion with the client.

11. TERMINATION BY NOTICE

11.1 Unless a fixed period has been agreed, either party may terminate the instruction by giving 14 days’ notice in writing to the other party.

11.2 In the event of termination by notice, you shall be obliged to pay forthwith all the fees accrued in relation to the Services and work performed up to the date of termination (and any agreed abort fee) (the “**Termination Fees**”) plus any expenses or disbursements incurred by us or to which we are committed at the date of termination.

12. PROFESSIONAL LIABILITY

- 12.1 Subject to the provisions in these Terms and Conditions and the Agreement, our total aggregate liability (including that of our directors and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services shall be limited to an aggregate sum not exceeding three times the fee paid for each instruction accepted. Neither party hereto shall be liable to the other for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct, indirect or consequential, or any claims for consequential compensation whatsoever (however caused) which arise out of or in connection with the Services.
- 12.2 For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets.
- 12.3 Nothing in these Terms and Conditions excludes or limits our liability for (i) death or personal injury caused by our negligence (ii) any matter which it would be illegal for us to exclude or attempt to exclude our liability or (iii) fraud or fraudulent misrepresentation.
- 12.4 Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
- 12.5 Save in respect of third parties directly instructed by us and/or on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our Services to you.
- 12.6 We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
- 12.7 To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through a third party insurance company.
- 12.8 Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the Services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue to us and we may revise the pricing structure to reflect the varied level of our liability or professional indemnity cover.
- 12.9 Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to an additional fee to be proposed by us.

12.10 Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of instruction between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.

12.11 Where you provide a copy of and/or permit another party or parties, other than your affiliates, to rely upon our report without obtaining our express written consent (in accordance with clause 12.5 above), you agree to indemnify us (subject to Section 12.1 hereof) for any and all liability which arises from the use of or reliance upon our report by such unauthorised party.

13. QUALITY OF SERVICE

13.1 All our reports are signed by a qualified professional of the Firm whose responsibility it is to ensure that all relevant quality control procedures have been complied with.

13.2 While we seek to provide high quality Services, if a client has cause for complaint we have the Standard Complaint Handling Procedure to cope with that.

14. DATA PROTECTION

14.1 We are a data controller of all personal data collected during the provision of the Services. We shall use such personal data and information we obtain from other sources for providing the Services, for administration and customer services, for marketing and to analyse your preferences. We may keep such personal data for a reasonable period for these purposes. We may need to share personal data with our service providers and agents for these purposes. We may disclose personal data in order to comply with a legal or regulatory obligation and you may request, in writing and upon payment of a fee, a copy of the details held about you by us.

14.2 To help us to make credit decisions about you, to prevent fraud, to check identity and to prevent money laundering, we may search the files of credit reference agencies and we may also disclose details of how you conduct your account to such agencies.

14.3 We may share personal data within our international partnerships, group companies and affiliated organisations and with our business partners for marketing purposes, which may be to countries or jurisdictions which do not provide the same level of data protection as the country in which you are based, or we may send you and your employees information about other organisations' goods and services. We or any business partners may contact you and your employees, directly or via our agents, by mail, telephone, fax, email, SMS or other electronic messaging service with offers of goods and services or information that may be of interest. By providing us with your or your employees' personal data (whether that data is deemed sensitive or not) including fax numbers, telephone numbers or email addresses, you and your employees consent to being contacted by these methods for these purposes.

15. MONEY LAUNDERING REGULATIONS

15.1 You are aware that legislation and related guidance as updated from time to time, has imposed on us obligations for mandatory reporting, record keeping and identification procedures. We may be required to verify certain particulars of our clients and may need to ask you to assist us in complying with such requirements. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our Services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the Services which may be caused by our duty to comply with such requirements.

16. FREEDOM OF INFORMATION

16.1 Where you are a public authority, you shall notify us within five business days of receiving a request to disclose information which relates to the business arrangements between us and you and/or any information we have provided to you at any time. In recognition of the fact that we may be providing you with genuinely confidential or commercially sensitive information, you agree to consult us and seek our views on all such requests prior to making a decision on whether any information should be publicly disclosed.

17. ELECTRONIC COMMUNICATIONS

17.1 We may communicate with each other by electronic mail, sometimes attaching electronic data. By consenting to this method of communication, we and you accept the inherent risks (including the security risks of interception of, or unauthorised access to, such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). In the event of a dispute, neither of us will challenge the legal evidential standing of an electronic document and our system shall be deemed to be the definitive record of electronic communications and documentation.

18. CONFIDENTIALITY AND INTELLECTUAL PROPERTY

18.1 We owe our clients a duty of confidentiality. You agree, however, that we may, when required by our insurers or other advisers, provide details to them of any engagement on which we have acted for you, and that we may also disclose confidential information relating to your affairs if required to do so for legal, regulatory or insurance purposes only.

18.2 Both parties agree never to disclose sensitive details of transactions or our advice without the other's consent. Unless we are expressly bound by a duty of confidentiality which otherwise overrides this, both parties shall be entitled to mention to third parties (e.g. in the course of presentations, speeches or pitches) and/or publish (e.g. in brochures, marketing or other written material) that we provide our services to you.

18.3 We shall provide the Services to you only for your sole use and for the stated purpose. We shall not be liable to any third party in respect of our Services. You shall not mention nor refer to our advice, in whole or in part, to any third party orally or in annual accounts or other document, circular or statement without our prior written approval. The giving of an approval shall be at our sole discretion.

18.4 We will not approve any mention of our Services unless it contains sufficient reference to all the special assumptions and/or limitations (if any) to which our Services are subject. For the avoidance of doubt our approval is required whether or not we are referred to by name and whether or not our advice is combined with others.

18.5 We may make the approval of any mention of our Services, or re-address to third parties our Services, subject to the payment of an additional fee to cover additional work and professional liability.

18.6 All intellectual property rights (including copyrights) in the documents, materials, records, data and information in any form developed or provided to you by us or otherwise generated in the provision of our Services shall belong to us solely.

19. THIRD PARTIES RIGHTS AND ASSIGNMENT

19.1 No term of the Agreement or these Terms and Conditions is intended to confer a benefit on or to be enforceable by any person who is not a party to the same.

19.2 Neither party shall be entitled to assign this contract or any rights and obligations arising from it without the prior written consent of the other, such consent not to be unreasonably withheld.

20. GENERAL

20.1 If any provision of the Terms and Conditions is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable, it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of the Terms and Conditions and the remainder of such provision shall continue in full force and effect.

20.2 Failure or delay by us in enforcing or partially enforcing any provision of these Terms and Conditions shall not be construed as a waiver of any of our rights under these Terms and Conditions.

20.3 The Agreement and these Terms and Conditions shall be governed by and be construed in accordance with the law of the place at where the Agreement is effective. Any dispute arising out or in connection with the Services shall be submitted to the exclusive jurisdiction of the relevant courts of that place.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

(i) Long positions in Shares

Name of Director(s)	Capacity/Nature of interests	Number of Shares	Approximate percentage of the issued share capital of the Company (note 1)
Ms. Jiang Xinrong (“ Ms. Jiang ”)	Interest of spouse	553,599,800 (note 2)	38.08%
	Interest of controlled corporation	226,124,966 (note 3)	15.55%
	Beneficial owner	203,333 (note 2)	0.01%
Mr. Chen Ningdi (“ Mr. Chen ”)	Interest of controlled corporation	535,808,134 (note 2)	36.85%
	Interest of spouse	226,328,299 (note 3)	15.57%
	Beneficial owner	17,791,666 (note 2)	1.22%

Name of Director(s)	Capacity/Nature of interests	Number of Shares	Approximate percentage of the issued share capital of the Company (note 1)
Mr. Chan Kwan	Beneficial owner	40,666,666 (Note 4)	2.80%
Mr. Ai Kuiyu ("Mr. Ai")	Beneficial owner	13,608,133 (Note 5)	0.93%
	Interest of spouse	559,166 (Note 5)	0.04%
Mr. Lang Joseph Shie Jay ("Mr. Lang")	Beneficial owner	4,500,000 (Note 6)	0.31%
	Interest of spouse	1,427,400 (Note 6)	0.10%
Ms. He Zhiying	Beneficial owner	6,044,874	0.42%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,453,956,350 Shares as at the Latest Practicable Date.
- (2) DA Wolf Investments I Limited ("DA Wolf") directly owned 535,808,134 Shares, representing approximately 36.85% of all issued Shares as at 31 March 2023. Mr. Chen being the sole shareholder of DA Wolf was deemed to be interested in the total of 535,808,134 Shares held by DA Wolf. Mr. Chen also held 17,791,666 Shares as beneficial owner. By virtue of the SFO, Ms. Jiang, being the spouse of Mr. Chen, was deemed to be interested in all Shares held by Mr. Chen.
- (3) Rapid Raise Investments Limited ("Rapid Raise"), a company wholly owned by DL Global Holdings Limited ("DL Global") as at 31 March 2023, of which approximately 30% of the issued share capital was held by Mr. Chen and approximately 36.6% of the issued share capital was held by Ms. Jiang, directly held 226,124,966 Shares, representing approximately 15.55% of all issued Shares as at 31 March 2023. Accordingly, Ms. Jiang was deemed to be interested in the 226,124,966 Shares held by Rapid Raise. Ms. Jiang also held 203,333 Shares as beneficial owner. By virtue of the SFO, Mr. Chen, being the spouse of Ms. Jiang, was deemed to be interested in all Shares held by Ms. Jiang.
- (4) These 40,666,666 Shares represented the Shares beneficially owned by Mr. Chan Kwan.
- (5) These 13,608,133 Shares represented 6,108,133 Shares held by Mr. Ai and 7,500,000 share options granted to Mr. Ai pursuant to the share option scheme adopted and approved by the then shareholders on 22 September 2015 (the "Share Option Scheme"). These 559,166 Shares represented the Shares held by the spouse of Mr. Ai. By virtue of the SFO, Mr. Ai was deemed to be interested in those Shares.
- (6) These 4,500,000 Shares represented 4,500,000 share options granted to Mr. Lang pursuant to the Share Option Scheme. These 1,427,400 Shares represented the Shares held by the spouse of Mr. Lang. By virtue of the SFO, Mr. Lang was deemed to be interested in those Shares.

(ii) Long positions in underlying Shares of the Company

Name of Director	Type of interests	Description of equity derivatives	Number of underlying Shares	Percentage of the issued share capital of the Company
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N/A

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions in Shares

Name of Shareholders	Capacity	Number of Shares interested in or deemed to be interested	Approximate percentage of interests in issue in the Company <i>(note 1)</i>
DA Wolf	Beneficial owner	535,808,134 <i>(Note 2)</i>	36.85%

Name of Shareholders	Capacity	Number of Shares interested in or deemed to be interested	Approximate percentage of interests in issue in the Company (note 1)
DL Global	Interest of controlled corporation	226,124,966 (Note 3)	15.55%
Rapid Rise	Beneficial owner	226,124,966 (Note 3)	15.55%
Mr. Li Ren	Beneficial owner	120,873,533 (Note 4)	8.31%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,453,956,350 Shares as at the Latest Practicable Date.
- (2) Please refer to note 2 to the sub-section headed "(i) Long positions in Shares" in this circular of the section headed "(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations" for details.
- (3) Please refer to note 3 to the sub-section headed "(i) Long positions in Shares" in this circular of the section headed "(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations" for details.
- (4) These 120,873,533 Shares represented the Shares beneficially owned by Mr. Li Ren.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholder of the Company nor their respective close associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed pursuant to the Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased, or which were proposed to be acquired, disposed of by or leased to any member of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors had confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against any other member of the Group.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its advice, which is contained in this circular:

Name	Qualification
Vinco Financial Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
Vincorn Consulting and Appraisal Limited	Independent Valuer

Each of the Independent Valuer and Vinco Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinions, recommendations, letter of advice and all references to its name in the form and context in which it is included.

As at the Latest Practicable Date, each of the Independent Valuer and Vinco Financial was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been, since the date to which the latest published audited consolidated financial statements of the Group were made up (i.e. 31 March 2023), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement in relation to the acquisition of the entire issued share capital of Emerald Wealth Management Limited dated 23 May 2022;
- (b) the sale and purchase agreement in relation to the acquisition of 8,195,441 shares of the Target Company (representing approximately 45.00% of the entire issued share capital of the Target Company) dated 23 May 2022; and
- (c) the Sale and Purchase Agreement.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.dl-holdings.com/en/>) for fourteen (14) days from the date of this circular:

- (a) the letter from the Board, the text of which is set out on pages 5 to 18 of this circular;
- (b) the letter of recommendations from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-25 of this circular;
- (d) the written consents referred to in the paragraph headed “9. Experts and consents” in this appendix; and
- (e) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix.

12. MISCELLANEOUS

- (a) Ms. CHIN Ying Ying is the company secretary of the Company (“**Ms. Chin**”). Ms. Chin is a member of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor and a Certified Environmental, Social and Governance Analyst (CESGA) of the European Federation of Financial Analysts Societies. She has more than 12 years experiences in accounting internal audit and corporate secretarial related matters.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (d) The principal share register of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (f) The business address of all Directors and authorised representatives of the Company is Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (g) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of DL Holdings Group Limited (the “Company”) will be held at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong on Tuesday, 14 November 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 25 October 2023 (the “Circular”)):

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the sale and purchase agreement dated 14 September 2023 entered into between DL Asset Management Limited as the purchaser and DL Global Holdings Limited as the vendor (“**Sale and Purchase Agreement**”) in relation to the proposed acquisition (the “**Acquisition**”) of the remaining 10,016,651 shares of DL Family Office (HK) Limited (the “**Target Company**”), representing approximately 55.00% of the entire issued share capital of the Target Company (a copy of the Sale and Purchase Agreement marked “A” is produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) any one or more directors of the Company (the “**Director(s)**”) (or any person authorised by them) be and is/are hereby authorised to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, to take any and all steps and to do all such other or further acts and things considered necessary, appropriate, expedient or desirable by such Director(s) (or any person authorised by them) to implement and/or give effect to the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, together with the issue of such promissory note in settlement of the consideration contemplated under the Acquisition to the Vendor, and to agree to all such variation, revision, amendments or waiver of matters relating thereto as are, in the opinion of the Director(s) (or any person authorised by them), in the interests of the Company”.

By Order of the Board
DL Holdings Group Limited
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 October 2023

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111 Cayman Islands

***Head office and principal place of
business in Hong Kong:***

Unit 2902, Vertical Square
28 Heung Yip Road
Wong Chuk Hang, Hong Kong

Notes:

1. A form of proxy for use at the EGM or any adjournment thereof is enclosed. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
4. For the purpose of determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 9 November 2023 to Tuesday, 14 November 2023, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents together with the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Wednesday, 8 November 2023.

NOTICE OF EGM

5. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. Pursuant to Rule 13.39(4) of the Listing Rules, all resolution at the EGM will be conducted by way of a poll.
8.
 - (a) Subject to paragraph (b) below, if a tropical cyclone warning signal no. 8 or above is hoisted or extreme conditions or a black rainstorm warning signal is in force at any time on the date of the EGM, the EGM will be postponed to the next Business Day on which no tropical cyclone warning signal no. 8 or above is hoisted or extreme conditions or a black rainstorm warning signal is in force in Hong Kong at any time between the hours from 8:00 a.m. to 11:00 a.m., and in such case the EGM shall be held at the same time and venue.
 - (b) If a tropical cyclone warning signal no. 8 or above or extreme conditions or a black rainstorm warning signal is lowered or cancelled three hours before the time fixed for the holding of the EGM and where conditions permit, the EGM will be held as scheduled.
 - (c) The EGM will be held as scheduled when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.
 - (d) Shareholders should in any event exercise due care and caution when deciding to attend the EGM in adverse weather conditions.

As at the date of this notice, 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.