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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

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

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

THE MOU

The Board is pleased to announce that on 8 December 2023 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the MOU with the Vendor and the Target Company in relation to the Possible Acquisition. Subject to the satisfaction of due diligence result on the Target Company, the Company will consider further negotiation with the Vendor on the Possible Acquisition.

THE VENDOR

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, as at the date of this announcement, the Vendor is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Target Company is wholly-owned by the Vendor. The Target Company is principally engaged in information technology service in development of AI-based data analytics platforms and the provision of fintech solutions. It is focused on providing fintech and AI technology empowerment to institutions, to help them achieve digitalization and artificial intelligence implementation. The Target Company is experienced in building and scaling digital and AI-based products for both institutions and consumers internationally, with combined experience of the management and key personnel of the Target Company in digital transformation, data science, and growth across financial services and B2C industries.

CONSIDERATION OF THE SALE SHARES

The Vendor and the Company will initiate to negotiations for the entering into of a formal agreement (the “**Formal Agreement**”) and agree on specific terms in relation to the Possible Acquisition. The Formal Agreement shall include customary terms for similar transactions.

Based on the preliminary negotiations between the Vendor and the Company, the consideration of the Sale Shares shall be determined with factors including but not limited to the valuation of the Target Company, which is expected to be approximately US\$10 million and is subject to the final valuation of the Target Company that shall be based on, inter alia, the due diligence results to be conducted by the Group and other valuation assessments.

The consideration will be settled by way of issuance of new shares of the Purchaser to the Vendor, representing approximately 20% of the enlarged issued share capital of the Purchaser.

If the parties are unable to enter into the Formal Agreement for any reason(s) (including but not limited to unsatisfactory due diligence results) within three months after signing the MOU (or such later date as the Vendor and the Company may agree in writing), the MOU will lapse and become invalid. The Possible Acquisition shall be conducted in compliance with the relevant laws and regulations (including but not limited to the Listing Rules).

DUE DILIGENCE

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

EXCLUSIVITY

For a period of three months following the date of the MOU, the Vendor agrees not to solicit, initiate or engage in discussions or negotiations with any other party regarding the sale of the Target Company.

NON-LEGALLY BINDING

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

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The principal business of the Group comprises (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to customers; (ii) provision of money lending services to customers; (iii) sales of apparel products with the provision of supply chain management total solutions to customers; and (iv) provision of enterprise solutions services. The Group is licensed to conduct the regulated activities of dealing in securities (Type 1), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9) under the SFO. The Directors believe that the Possible Acquisition could further aid in the research and development of our AI Family Office System (DL-GPT) and associated applications. Simultaneously, it could propel the Group's strategic plan to create a global ecosystem for AI asset management and wealth inheritance, expanding the range of financial services we provide, diversifying our income sources, and enhancing shareholder returns.

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

DEFINITIONS

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

“Board”	the board of Directors
“Company”	DL Holdings Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1709)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the legally-binding agreement for the sale and purchase of the Sale Shares (in form and substance satisfactory to the Company and the Vendor) to be entered into between the Vendor and the Group in relation to the Possible Acquisition, subject to the satisfaction of due diligence results on the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOU”	the non-legally binding memorandum of understanding dated 8 December 2023 and entered into among the Purchaser and the Vendor in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of the Sale Shares by the Group as contemplated under the MOU, subject to the satisfaction of due diligence result on the Target Company

“Purchaser”	DL Digital Family Office (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Sale Shares”	certain percentage of the issued share capital of the Target Company held by the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chain of Demand Limited, a company incorporated in Hong Kong with limited liability
“US\$”	the United States dollar(s), the lawful currency of the United States
“Vendor”	Chain of Demand Limited, a company incorporated in the British Virgin Islands with limited liability

By order of the Board
DL Holdings Group Limited
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 8 December 2023

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