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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)

DISCLOSEABLE TRANSACTION PROVISION OF DLH GUARANTEES

PROVISION OF DLH GUARANTEES

Reference is made to the voluntary announcement of the Company dated 9 August 2023 in relation to the investment in a prime and new commercial complex located in the core area of Central, Hong Kong (which is where the Properties are located).

On 12 April 2024 (after trading hours), the Guarantee Agreements were entered into among the Company (as guarantor), each of the Borrowers and the Lender, pursuant to which the Company has irrevocably and unconditionally agreed to, subject to the terms and conditions contained therein, provide the DLH Guarantees of an aggregate maximum amount of HK\$180,000,000 for the Borrowers' obligations in relation to the Facility Letters involving the Loan Facilities provided by the Lender to the Borrowers with an aggregate principal amount of up to HK\$150,000,000. In consideration of the Company in providing the DLH Guarantees, the Company will receive guarantee fee under the Guarantee Fee Agreement.

The Borrowers are the investment vehicles wholly-owned by the Fund, a limited partnership fund managed by the Group, and the purpose of the Loan Facilities is to finance the purchase of the Properties to be held under the Fund. As at the date of this announcement, the Fund is accounted for as a financial asset at fair value through profit or loss of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the DLH Guarantees is/are more than 5% but less than 25%, the provision of the DLH Guarantees constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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Pursuant to the Facility Letters, the Lender agreed to grant the Loan Facilities to the Borrowers with an aggregate principal amount of HK\$150,000,000. The Loan Facilities are secured by (i) the first mortgage/legal charge over the Properties; (ii) the rental assignment over the Properties; (iii) the DLH Guarantees; and (iv) the all-monies guarantees provided by the Borrowers.

The Borrowers are the investment vehicles wholly-owned by the Fund, a limited partnership fund managed by the Group, and the purpose of the Loan Facilities is to finance the purchase of the Properties to be held under the Fund. As of the date of this announcement, the Fund is accounted for as a financial asset at fair value through profit or loss of the Company.

PRINCIPAL TERMS OF THE FACILITY LETTERS

The principal terms of the Facility Letters are summarised below:

	Facility Letter 1	Facility Letter 2	Facility Letter 3	Facility Letter 4	Facility Letter 5
Date:	12 April 2024				
Parties:	(i) the Lender (as lender);				
	(ii) the Borrowers (as borrowers, mortgagors and guarantors to each other borrowers); and				
	(iii) the Company (as guarantor to each borrowers)				
Borrower and Mortgagor:	Borrower 1	Borrower 2	Borrower 3	Borrower 4	Borrower 5
Guarantors:	(i) the Company;	(i) the Company;	(i) the Company;	(i) the Company;	(i) the Company;
	(ii) Borrower 2;	(ii) Borrower 1;	(ii) Borrower 1;	(ii) Borrower 1;	(ii) Borrower 1;
	(iii) Borrower 3;	(iii) Borrower 3;	(iii) Borrower 2;	(iii) Borrower 2;	(iii) Borrower 2;
	(iv) Borrower 4; and	(iv) Borrower 4; and	(iv) Borrower 4; and	(iv) Borrower 3; and	(iv) Borrower 3; and
	(v) Borrower 5	(v) Borrower 5	(v) Borrower 5	(v) Borrower 5	(v) Borrower 4
Maximum facility:	HK\$26.0 million	HK\$27.0 million	HK\$28.0 million	HK\$30.0 million	HK\$39.0 million
Purpose:	To finance the purchase of the Properties for investment purpose.				
Interest rate:	0.375% below the Hong Kong Dollar Prime Rate quoted by the Lender from time to time or 1% over the Hong Kong Inter-Bank Offered Rate, whichever is higher				
Term:	20-year mortgage instalment loans				
Repayment:	240 consecutive monthly instalments				
Property:	21/F of the Properties	22/F of the Properties	23/F of the Properties	25/F of the Properties	26/F and flat roof on the roof floor of the Properties
Security:	(i) the first mortgage/legal charge over the Properties (as indicated above);				
	(ii) the rental assignment over the Properties (as indicated above);				
	(iii) the DLH Guarantees; and				
	(iv) the all-monies guarantees provided by the relevant Borrowers (as indicated above).				

PRINCIPAL TERMS OF THE GUARANTEE AGREEMENTS

The principal terms of the Guarantee Agreements are summarised below:

	Guarantee Agreement 1	Guarantee Agreement 2	Guarantee Agreement 3	Guarantee Agreement 4	Guarantee Agreement 5
Date:	12 April 2024				
Guarantor:	the Company				
Lender:	the Lender				
Borrowers:	Borrower 1	Borrower 2	Borrower 3	Borrower 4	Borrower 5
Scope of guarantee:	maximum amount of up to HK\$31.2 million	maximum amount of up to HK\$32.4 million	maximum amount of up to HK\$33.6 million	maximum amount of up to HK\$36.0 million	maximum amount of up to HK\$46.8 million

PRINCIPAL TERMS OF THE GUARANTEE FEE AGREEMENT

The principal terms of the Guarantee Fee Agreement are summarised below:

Date:	12 April 2024
Parties:	(i) the Company; and (ii) the Fund
Guarantee fee:	The Fund agreed to pay to the Company a guarantee fee with respect to the DLH Guarantees at a rate of 1% of the maximum guarantee amount for the first year and 0.5% of the maximum guarantee amount for the subsequent years under the DLH Guarantees. Such guarantee fee was determined after arm's length negotiations between the Company and the Fund by reference to the market rates of guarantee fee charged by listed companies in Hong Kong for providing similar services.

INFORMATION ON THE BORROWERS AND THE FUND

The Borrowers are limited companies incorporated in the British Virgin Islands and being the investment vehicles wholly-owned by the Fund, a limited partnership fund managed by the Group and each of the Borrowers is the purchaser of each of the respective floors of the Properties. The Properties comprise the top five floors and the flat roof on the roof floor of the newly completed development “92 Wellington”, a new commercial complex located in the core area of Central, Hong Kong, which will be named as “DL Tower” following the acquisition.

The Fund is formed as a limited partnership fund in Hong Kong. The Fund has a proposed investment scope of investing primarily, directly or indirectly, in real estate in Hong Kong, in the form of equity, equity-linked, and/or credit related instruments. As at the date of this announcement, DL General Partner (HK) Limited, a wholly-owned subsidiary of the Company, is the general partner of the Fund. Everlasting Win Limited, a wholly-owned subsidiary of the Company, is one of the limited partners of the Fund and holds approximately 10.4% partnership interest in the Fund. As at the date of this announcement, the Fund is accounted for as a financial asset at fair value through profit or loss of the Company.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for Everlasting Win Limited being the wholly-owned subsidiary of the Company, the other limited partners of the Fund and their respective ultimate beneficial owners are Independent Third Parties of the Company and its connected persons.

INFORMATION ON THE LENDER

The Lender is a Macau-based bank and it provides comprehensive banking services in retail and commercial banking, etc.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Lender and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is principally engaged in (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 carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

REASON AND BENEFITS OF THE PROVISION OF THE DLH GUARANTEES

The Company, through its wholly-owned subsidiaries, is one of the limited partners of the Fund and the general partner managing the Fund. To the best knowledge of the Directors and having made all reasonable inquiries, it is not an uncommon market practice for banks to require ultimate beneficial owners/investors of the borrowers who are listed companies to provide guarantees as credit enhancement, due to the banks' consideration that the credibility and accountability of listed companies on the Stock Exchange are usually better than that of private companies or entities. Given the above, the Company is required by the Lender to be one of the guarantors to secure the indebtedness and obligations of the Borrowers under the Loan Facilities, which will be applied towards the payment of the purchase price of the Properties.

The provision of the DLH Guarantees will facilitate the investment of the Fund, as well as the Group in the capacity of a limited partner, in purchasing the Properties for investment purpose with an aim to generate rental income from the lease of the Properties and potential capital gain from the subsequent sale of the Properties. In addition, the naming rights of the building accompanied by the purchase of the Properties will help promote the brand and profile of the Group. The Company also plans to relocate its head office to the Properties, generally for the own use of the Group. This investment represents the Group's first investment in commercial properties in Hong Kong and the second global property investment after the ONE Carmel Premier Residential Project near Pebble Beach, California, the United States.

Besides, the guarantee fee payable by the Fund in respect of the DLH Guarantees will provide an additional income source to the Group and is in the interest to the Company and its shareholders as a whole. The Group will be also entitled to the annual management fee of 1% per annum of the committed capital and a carried interest equivalent to 10% of the net proceeds from the realisation of investments after full repayment of invested capital to the limited partners in the capacity as the general partner, as well as the investment return from the Fund in the capacity as a limited partner.

The Company may incur liabilities upon a call on the DLH Guarantees arising in the event of default of the Borrowers under the Loan Facilities. The Directors are of the view that, based on the information currently available to the Company and barring unforeseen circumstances, the probability of the event of default of the Borrowers is remote and the Company should not have to be called upon on the DLH Guarantees, after taking into account, among others: (i) the Fund is managed by the Company and as the general partner of the Fund, the Company will take a cautious and prudent approach in formulating the Fund's overall investment strategies and making investment decisions; (ii) the loan-to-value ratio of the Loan Facilities are less than 60%; (iii) the limited partners of the Fund (except for Everlasting Win Limited, being a wholly-owned subsidiary of the Company) are existing family office clients of the Group whereby the Group has assessed their financial status and their respective size of assets under the management of the Group's multi-family office; (iv) the investment in the Properties by the Fund is expected to generate recurring rental income from the lease of the Properties as well as capital gain from the realisation of such investment in the future; and (v) the future capital contributions from the upcoming capital calls of the existing limited partners and potential new limited partners of the Fund. On the aforesaid basis, the Directors consider that the Borrowers will be able to perform their repayment obligations under the Loan Facilities. The Board therefore believes that the investment of the Properties by the Fund will help raise the profile of the Group, accelerate the business development of the Group's global property segment, and further expand the source of income of the Group.

In light of the foregoing, the Directors are of the view that the terms of the DLH Guarantees (together with the Guarantee Fee Agreement), which are determined after arm's length negotiations between the Company and the Borrowers (and the Fund, as the case may be), are fair and reasonable, and the DLH Guarantees (together with the Guarantee Fee Agreement) are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the DLH Guarantees is/are more than 5% but less than 25%, the provision of the DLH Guarantees constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower 1”	Digital Capital Global Limited, a company incorporated in British Virgin Islands with limited liability
“Borrower 2”	Starry Gold Holdings Limited, a company incorporated in British Virgin Islands with limited liability
“Borrower 3”	Invincible Enterprises Limited, a company incorporated in British Virgin Islands with limited liability
“Borrower 4”	Pure Chic Limited, a company incorporated in British Virgin Islands with limited liability
“Borrower 5”	A-List Group Limited, a company incorporated in British Virgin Islands with limited liability
“Borrowers”	Borrower 1, Borrower 2, Borrower 3, Borrower 4 and Borrower 5
“Company”	DL Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1709)

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“DLH Guarantees”	the guarantees provided by the Company in favour of the Lender in relation to the Loan Facilities under the Guarantee Agreements
“Facility Letter 1”	the facility letter dated 12 April 2024 entered into among the Lender, the Borrowers, and the Company in relation to the provision of Loan Facilities to Borrower 1
“Facility Letter 2”	the facility letter dated 12 April 2024 entered into among the Lender, the Borrowers, and the Company in relation to the provision of Loan Facilities to Borrower 2
“Facility Letter 3”	the facility letter dated 12 April 2024 entered into among the Lender, the Borrowers, and the Company in relation to the provision of Loan Facilities to Borrower 3
“Facility Letter 4”	the facility letter dated 12 April 2024 entered into among the Lender, the Borrowers, and the Company in relation to the provision of Loan Facilities to Borrower 4
“Facility Letter 5”	the facility letter dated 12 April 2024 entered into among the Lender, the Borrowers, and the Company in relation to the provision of Loan Facilities to Borrower 5
“Facility Letters”	Facility Letter 1, Facility Letter 2, Facility Letter 3, Facility Letter 4 and Facility Letter 5
“Fund”	DL Multi-Asset Investments LPF, a Hong Kong limited partnership fund, registered under the Limited Partnership Fund Ordinance (Cap. 637 of the laws of Hong Kong)
“Group”	the Company and its subsidiaries
“Guarantee Agreement 1”	the guarantee agreement dated 12 April 2024 entered into among the Company, Borrower 1 and the Lender in relation to the provision of DLH Guarantees as security for the repayment obligations of Borrower 1

“Guarantee Agreement 2”	the guarantee agreement dated 12 April 2024 entered into among the Company, Borrower 2 and the Lender in relation to the provision of DLH Guarantees as security for the repayment obligations of Borrower 2
“Guarantee Agreement 3”	the guarantee agreement dated 12 April 2024 entered into among the Company, Borrower 3 and the Lender in relation to the provision of DLH Guarantees as security for the repayment obligations of Borrower 3
“Guarantee Agreement 4”	the guarantee agreement dated 12 April 2024 entered into among the Company, Borrower 4 and the Lender in relation to the provision of DLH Guarantees as security for the repayment obligations of Borrower 4
“Guarantee Agreement 5”	the guarantee agreement dated 12 April 2024 entered into among the Company, Borrower 5 and the Lender in relation to the provision of DLH Guarantees as security for the repayment obligations of Borrower 5
“Guarantee Agreements”	Guarantee Agreement 1, Guarantee Agreement 2, Guarantee Agreement 3, Guarantee Agreement 4 and Guarantee Agreement 5
“Guarantee Fee Agreement”	the guarantee service fee agreement dated 12 April 2024 entered into between the Company and the Fund in relation to the DLH Guarantees
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Lender”	Banco Delta Asia S.A. (匯業銀行股份有限公司), a licensed bank incorporated in Macau, being the Lender under the Facility Letters and Guarantee Agreements

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facilities”	the 20-year mortgage instalment loans in an aggregated principal amount of HK\$150 million granted by the Lender to the Borrowers pursuant to the Facility Letters
“Macau”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Properties”	21/F, 22/F, 23/F, 25/F, 26/F and flat roof on roof floor of No. 92 Wellington Street, Central, Hong Kong
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

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

Hong Kong, 12 April 2024

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.