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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

Financial adviser to the 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 23 September 2021 (after morning trading session of the Stock Exchange), the Company entered into the non-legally binding 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 Group will consider further negotiation with the Vendor on the Possible Acquisition.

The Target Company

The Target Company is a limited company incorporated in Hong Kong. It is principally engaged in the provision of investment advisory, asset management and insurance services. The Target Company is registered as a licenced corporation with SFC and licensed to conduct the regulated activities of advising on securities (Type 4) and asset management (Type 9) under the SFO. As at 21 September 2021, the Target Company's total assets under management were around US\$1,274 million. As at the date of this announcement, the Target Company is beneficially wholly-owned by the Vendor, which is in turn partly owned by two executive Directors.

Formal Agreement

The Vendor and the Group shall use their best endeavours to negotiate the terms and conditions of the Formal Agreement within two months from the date of the MOU or such later date as the Vendor and the Group may agree in writing. However, if the parties are unable to enter into the Formal Agreement for any reason(s) within two months after signing the MOU or such later date as the Vendor and the Group may agree in writing, the MOU will lapse and become invalid.

Consideration

The consideration shall be determined based on, among others, due diligence and other relevant evaluation. Based on the preliminary discussions between the Vendor and the Company, the preliminary value of the Target Company is estimated to be not less than HK\$500 million.

Due Diligence

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

Non-Exclusive

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

Non-Legally Binding

The MOU does not create legally binding obligations on the parties in relation to the Possible Acquisition save for the provisions in relation to confidentiality and governing law and jurisdiction. The Possible Acquisition is subject to negotiation and the entering into of the Formal Agreement.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The principal business of the Group comprises (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services; (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 asset management services. The Group is licensed to conduct the regulated activities of dealing in securities (Type 1), advising on securities (Type 4) and advising on corporate finance (Type 6) under the SFO. The Directors consider that the Possible Acquisition, if materialises, represents a good opportunity for the Group to broaden its source of income and to maximise the return of the Shareholders.

The Board wishes to emphasise that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it may constitute a connected transaction of the Company pursuant to the Listing Rules. Shareholders and investors of the Company are urged to exercise caution when dealing in the Shares. Further announcement 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 law 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 Group and the Vendor) to be entered into between the Vendor and the Group in relation to the Possible Acquisition, if it materialises
“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
“MOU”	the non-legally binding memorandum of understanding dated 23 September 2021 and entered into between the Company, the Vendor and the Target Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of the Sale Shares by the Group as contemplated under the MOU, subject to negotiation and the entering into of the Formal Agreement
“Sale Shares”	certain percentage of the issued share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Hong Kong 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
“Shareholders”	the holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	DL Family Office (HK) Limited (德林家族辦公室(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Vendor”	DL Global Holdings Limited (德林控股有限公司), a company incorporated in the British Virgin Islands with limited liability, and is partly owned by two executive Directors, and hence is a connected person of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America

By order of the Board
DL Holdings Group Limited
Jiang Xinrong
Chairman and Executive Director

Hong Kong, 23 September 2021

As at the date of this announcement, the executive Directors are Ms. Jiang Xinrong and Mr. Chen Ningdi; the non-executive Directors are Mr. Chan Kwun Wah Derek and Mr. Li Ren; 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.