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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)

- (1) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE;
AND
(2) SUBSCRIPTION OF NEW WARRANTS UNDER SPECIFIC MANDATE**

THE SHARE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, on 5 February 2021, the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Share Subscription Price on the Share Subscription Completion Date.

Assuming there will be no further changes in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Subscription Shares, the Subscription Shares represent: (a) approximately 2.86% of the number of issued Shares as at the date of this announcement; and (b) approximately 2.78% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

The gross proceeds of the Share Subscription are estimated to be HK\$86 million, and the net proceeds of the Share Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Share Subscription Agreement and the related documents) are estimated to be approximately HK\$85.8 million. It is intended that the net proceeds from the Share Subscription will be used by the Company (i) as to approximately 48.95% for strengthening the capital base of the Group for the margin financing services business and providing margin loans to customers; (ii) as to approximately 41.96% for enhancing the Group's capital resources for developing its asset management business; and (iii) as to approximately 9.09% for the general working capital for the Group.

THE WARRANT SUBSCRIPTION AGREEMENT

The Board is pleased to further announce that, on 5 February 2021, the Company and the Subscriber entered into the Warrant Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the 40,000,000 Warrants, conferring the right to subscribe for up to 40,000,000 Warrant Shares at the Warrant Price.

Assuming the Share Subscription Completion takes place and there will be no further changes in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Warrant Shares and the Warrant Subscription Rights are exercised in full, the maximum number of Warrant Shares to be allotted and issued would represent: (a) approximately 2.86% of the number of issued Shares as at the date of this announcement; (b) approximately 2.78% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares; and (c) approximately 2.71% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and Warrant Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Warrant Shares which may be allotted and issued upon exercise of the Warrant Subscription Rights. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The gross proceeds of the Warrant Subscription are estimated to be HK\$146 million, and the net proceeds of the Warrant Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Warrant Subscription Agreement, the Warrant Instrument and the related documents) are estimated to be approximately HK\$145.6 million. It is intended that the net proceeds from the Warrant Subscription will be used by the Company (i) as to approximately 27.48% for strengthening the capital base of the Group for the margin financing services business and providing margin loans to customers; (ii) as to approximately 54.95% for enhancing the Group's capital resources for developing its asset management business; (iii) as to approximately 5.50% for the expansion of its provision of financial services business to include debt securities dealing through hiring experienced personnel and acquiring systems and software; and (iv) as to approximately 12.08% for the general working capital for the Group.

Listing Rules Implications

The Subscription Shares will be issued under the General Mandate, which is not subject to Shareholders' approval at the EGM. The Warrant Shares will be issued under the Specific Mandate to be sought at the EGM.

EGM

The EGM will be convened for the Shareholders to consider, and if thought fit, approve, the Warrant Subscription Agreement and the transaction contemplated thereunder including the issuance of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares.

To the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Warrant Subscription and is required to abstain from voting on the resolution(s) of the Company in approving the Warrant Subscription Agreement and the transactions contemplated thereunder including, the issuance of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares at the EGM.

A circular containing, among other things, further details of the Warrant Subscription Agreement, the allotment and issue of the Warrant Shares and the notice of the EGM is expected to be despatched to the Shareholders on or before 2 March 2021.

Completion of the Share Subscription and the Warrant Subscription is subject to the fulfillment of the conditions set forth in the Share Subscription Agreement and the Warrant Subscription Agreement respectively. As the Share Subscription and Warrant Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

I. SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that, on 5 February 2021, the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Share Subscription Price on the Share Subscription Completion Date.

Principal terms of the Share Subscription Agreement are set forth below:

THE SHARE SUBSCRIPTION AGREEMENT

Date

5 February 2021

Parties

(1) the Company as issuer; and

(2) A Square Investments Group Limited as subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Subscriber and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Number of Subscription Shares

40,000,000 Subscription Shares, which represent approximately 2.86% of the number of issued Shares as at the date of this announcement, and approximately 2.78% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares, assuming there will be no further changes in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Subscription Shares.

The aggregate nominal value of 40,000,000 Subscription Shares is HK\$400,000.

The Share Subscription Price

The Share Subscription Price is HK\$2.15 per Subscription Share, and the aggregate Share Subscription Price for all Subscription Shares shall be paid by the Subscriber to the Company in cash upon Share Subscription Completion. It represents:

- (i) a discount of approximately 15.7% to the closing price of HK\$2.55 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement; and
- (ii) a discount of approximately 18.2% to the average closing price of approximately HK\$2.628 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Share Subscription Agreement.

The Share Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the Group's existing financial position, the historical and recent trading price of the Shares on the Stock Exchange, the recent trading volume and liquidity of the Shares in the market and the current market sentiment.

The net issue price per Subscription Share, after deducting of relevant expenses, is approximately HK\$2.14.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the issued Shares as at the Share Subscription Completion Date.

Share Subscription Completion

Share Subscription Completion shall take place within five (5) Business Days after the fulfilment of the conditions precedent (or at such other time and place as designated by the Company).

Conditions of the Share Subscription

Completion is subject to the following conditions:

- (i) the Board having approved the terms and authorised the execution of and performance by the Company of its obligations under the Share Subscription Agreement;
- (ii) the board of directors of the Subscriber having approved the terms and authorised the execution of and performance of the obligations under the Share Subscription Agreement on behalf of the Subscriber;
- (iii) the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange (and such listing and permission not subsequently revoked);
- (iv) all other necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Share Subscription Agreement having been obtained; and
- (v) the representations and warranties made by the Company where required to be repeated in accordance with the Share Subscription Agreement at Share Subscription Completion being materially true and accurate at the time of Share Subscription Completion, as though then made and the Company not otherwise being in material breach of its obligations under the Share Subscription Agreement.

Each of the conditions set out above is not waivable under any circumstances.

If the conditions set out above are not fulfilled on or before 26 February 2021, being the long stop date of the Share Subscription, the Share Subscription Agreement shall be terminated.

Restrictions on the Subscriber

Without the prior written consent of the Company, the Subscriber will not, at any time during the period of 18 months following the date of allotment of the Subscription Shares, directly or indirectly, Dispose of any of the Subscription Shares, or any interest in any company or entity holding any of the Subscription Shares, or agree or contract to enter any such transaction. The restriction shall not apply to any mortgage, pledge or charge of any Subscription Shares by the Subscriber in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by the then Shareholders at the annual general meeting of the Company held on 29 September 2020. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 272,624,200 new Shares

(up to 20% of the total number of issued Shares as at the date of the annual general meeting held on 29 September 2020, i.e. 1,363,121,000). Up to the date of this announcement, no new Shares have been issued under the General Mandate and the Share Subscription will utilise approximately 14.67% of the General Mandate upon the subscription of the Subscription Shares in full. Accordingly, the issue of the Subscription Shares will not be subject to the approval of the Shareholders.

II. SUBSCRIPTION OF NEW WARRANTS UNDER SPECIFIC MANDATE

The Board is pleased to further announce that, on 5 February 2021, the Company and the Subscriber entered into the Warrant Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the 40,000,000 Warrants conferring the right to subscribe for up to 40,000,000 Warrant Shares at the Warrant Price of HK\$0.15 per Warrant.

Principal terms of the Warrant Subscription Agreement are set forth below:

THE WARRANT SUBSCRIPTION AGREEMENT

Date

5 February 2021

Parties

- (1) the Company as issuer; and
- (2) A Square Investments Group Limited as subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Subscriber and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject Matter

Pursuant to the Warrant Subscription Agreement, subject to fulfilment and/or waiver of the conditions precedent of the Warrant Subscription Completion, the Company shall issue and the Subscriber shall subscribe for the 40,000,000 unlisted Warrants at the Warrant Price of HK\$0.15 per Warrant at Warrant Subscription Completion.

Warrant Subscription Completion

Warrant Subscription Completion shall take place on the fifth (5th) Business Day after the fulfilment of the conditions precedent (or such other date and time as the Company and the Subscriber may mutually agree).

Conditions

Warrant Subscription Completion is subject to the following conditions:

- (i) the granting of approval by the Stock Exchange for the issue of the Warrants either unconditionally or subject to conditions to which none of the Company and the Subscriber shall reasonably object and the satisfaction of such conditions (if required);
- (ii) the granting of approval by the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Warrant Shares which may fall to be allotted and issued upon exercise of the Warrant Subscription Rights (based on the initial Warrant Subscription Price per Warrant Share) which may only be subject to conditions as customarily stipulated by the Stock Exchange for listing of shares and such approval not having been revoked;
- (iii) the passing of all resolutions by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Warrant Subscription Agreement by the Company and the performance of the transactions contemplated thereunder including, without limitations, the issue of the Warrants and the allotment and issue of the Warrant Shares upon exercise of the Warrant Subscription Rights, in accordance with the relevant provisions in the Listing Rules, the memorandum and articles of association of the Company and the applicable laws and regulations in Hong Kong and the Cayman Islands;
- (iv) any necessary approvals, consents and/or waivers by the relevant governmental or regulatory authorities or bodies, whether in Hong Kong or elsewhere (including but not limited to the Stock Exchange) in favour of the Company and/or the Subscriber for Warrant Subscription Agreement and the transactions contemplated thereunder having been obtained, and such approval, consent and/or waiver not having been revoked;
- (v) the representations, warranties and undertakings of each of the Company and the Subscriber under the Warrant Subscription Agreement having remained true, accurate and not misleading in all material respects at all times between the date of the Warrant Subscription Agreement and the Warrant Subscription Completion Date;
- (vi) the Warrant Instrument having been duly executed by the Company; and
- (vii) all regulatory requirements (including but not limited to the Listing Rules and all relevant regulatory requirements in Hong Kong) in relation to the transactions contemplated hereunder having been complied with and satisfied.

The Subscriber may at any time waive in writing the conditions precedent specified in (v) above. Save for aforesaid, no other conditions precedent may be waived by the Subscriber or the Company.

If the conditions precedent set out above are not fulfilled on or before 5 May 2021, being the long stop date of the Warrant Subscription, the Warrant Subscription Agreement shall be terminated.

Principal terms of the Warrants

The principal terms of Warrants under the Warrant Instrument are summarised below:

- Warrant Price : HK\$0.15 per Warrant, at the aggregate amount of HK\$6 million payable in cash by the Subscriber on the Warrant Subscription Completion Date
- Number of Warrants : 40,000,000 Warrants entitling the holder to subscribe for a maximum of 40,000,000 Warrant Shares. Each Warrant carries the rights of the Warrantholder in respect of such Warrant to subscribe for one Share
- Number of Warrant Shares : 40,000,000 Warrant Shares upon full exercise of the Warrant Subscription Rights attaching to the Warrants
- Warrant Subscription Period : the period of 12 months after the date of issuance of the Warrants
- Warrant Subscription Price : HK\$3.5 per Warrant Share, subject to adjustments arising from the events set out in the paragraph headed “Adjustment events” below
- Adjustment events : The Warrant Subscription Price shall from time to time be subject to adjustment upon occurrence of certain events as follows:
- (1) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
 - (2) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account fund);
 - (3) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such) or a grant by the Company to holders of Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (4) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares, at a price which is less than 80 per cent of the market price (being the average closing prices of one Share on the Stock Exchange for the five consecutive trading days) being made by the Company to holders of Shares (in their capacity as such);

- (5) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share (being the aggregate consideration receivable by the Company of such securities for the issue thereof plus the additional minimum consideration (if any) to be received by such issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the subscription rights attaching thereto, divided by the maximum number of new Shares to be issued upon (and assuming) the full conversion or exchange thereof at the initial conversion or exchange rate or the exercise in full of the subscription rights attaching thereto at the initial subscription price) is less than 80 per cent of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80 per cent of such market price (being the average closing prices of one Share on the Stock Exchange for the five consecutive trading days);
- (6) an issue of Shares (other than Shares issued pursuant to any Share Option Scheme) being made wholly for cash at a price less than 80 per cent of the market price (being the average closing prices of one Share on the Stock Exchange for the five consecutive trading days); and
- (7) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Warrant Subscription Price.

Transferability : The Warrants are not transferable.

Voting : The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants.

- Ranking of the Warrant Shares : All Warrant Shares will rank *pari passu* with the fully paid Shares in issue on the relevant exercise date and accordingly shall entitle the holder(s) thereof to participate in full in all dividends or other distribution declared, paid or made on the Shares after the relevant exercise date.
- Rights on liquidation : In the event a notice is given by the Company to its Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantholder shall be entitled by irrevocable surrender of its/his/her Warrant certificate(s) to the Company with the subscription form(s) duly completed, together with payment of the Warrant Subscription Price or the relative portion thereof not less than two (2) Business Day prior to the proposed shareholders' meeting, to be allotted and issued by the Company the Warrant Shares to be issued pursuant to the exercise of the relevant Warrant Subscription Rights. Subject to the foregoing, if the Company is wound up, all Warrant Subscription Rights which have not been exercised at the commencement of the winding up will lapse and each Warrant certificate will cease to be valid for any purpose.
- Listing : No listing of the Warrant will be sought on the Stock Exchange or other stock exchanges.

Number of Warrant Shares

Assuming the Warrant Subscription Completion takes place and there will be no further changes in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Warrant Shares, a maximum number of 40,000,000 Warrant Shares which represent (a) approximately 2.86% of the number of issued Shares as at the date of this announcement; (b) approximately 2.78% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares; and (c) approximately 2.71% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and Warrant Shares, will be issued upon full exercise of the Warrant Subscription Rights attaching to all Warrants.

The aggregate nominal value of the 40,000,000 Warrant Shares is HK\$400,000.

The Warrant Price and the Warrant Subscription Price

The Warrant Price is HK\$0.15 per Warrant. The Warrants will be issued to the Subscriber at the aggregate consideration of HK\$6 million.

The Company has conducted an internal valuation to assess the fair value of the Warrants by using the Black-Scholes option pricing model after taking into account (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the

Warrant Subscription Agreement; (ii) the initial Warrant Subscription Price; (iii) the Warrant Subscription Period of 12 months; (iv) the expected volatility; and (v) the expected annualized dividend yield of the Shares. The Warrant Price was determined after arm's length negotiations between the Company and the Subscriber after considering the Company's internal valuation.

The net Warrant Price, after deduction of relevant expenses, is approximately HK\$0.14 per Warrant.

The Warrant Subscription Price is HK\$3.5 per Warrant Share, which represents:

- (i) a premium of approximately 37.3% to the closing price of HK\$2.55 per Share as quoted on the Stock Exchange on the date of the Warrant Subscription Agreement;
- (ii) a premium of approximately 33.2% to the average closing price of approximately HK\$2.628 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Warrant Subscription Agreement; and
- (iii) a premium of approximately 26.1% to the average closing price of approximately HK\$2.776 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to the date of the Warrant Subscription Agreement.

The Warrant Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the Group's existing financial position, the historical and recent trading price of the Shares on the Stock Exchange, the recent trading volume and liquidity of the Shares in the market and the current market sentiment.

Restriction on the Subscriber

Without the prior written consent of the Company, the Subscriber will not, at any time during the period of 18 months following the date of allotment of the Warrant Share(s), directly or indirectly, Dispose of any of the Warrant Shares, or any interest in any company or entity holding any of the Warrant Shares, or agree or contract to enter any such transaction. The restriction shall not apply to any mortgage, pledge or charge of any Warrant Shares by the Subscriber in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

III. APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares and the Warrant Shares which may be allotted and issued upon exercise of the Warrant Subscription Rights.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

IV. INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated under the laws of the British Virgin Islands. It is an investment holding company wholly-owned by Mr. Chan Kwan (陳昆). According to the information provided by the Subscriber, Mr. Chan possesses considerable management experience. He is currently the chairman and a controlling shareholder of Atlas Capital Asset Management (HK) Limited (“**Atlas Capital**”), a company licensed by the Securities and Futures Commission for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance. In addition, he is currently serving as an executive director of Wan Kei Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1718) and a non-executive director of CAQ Holdings Limited, a company listed on the Australia Stock Exchange with Listing Corporation Code of CAQ since November 2017.

V. REASONS FOR THE SHARE SUBSCRIPTION AND WARRANT SUBSCRIPTION AND INTENDED USE OF PROCEEDS

The Group is principally engaged in (i) provision of financial services of licensed businesses including financial advisory services, securities research, referral and brokerage services, and margin financing services, (ii) provision of money lending services, (iii) provision of asset management services and (iv) sales of apparel products with the provision of supply chain management solutions to customers.

As set out in the interim report of the Company for the six months ended 30 September 2020, the provision of financial services of licensed businesses had attributed approximately HK\$30.4 million of segment profit to the Group. Given the strong performance of the provision of financial services of licensed businesses, the Group intended to further develop such segment by expanding the existing scope of margin financing services, developing the financial services business to include debt securities dealing and engaging in provision of professional asset management services. As at the date of this announcement, the Group has applied for the licence for Type 9 (asset management) regulated activity under the Securities and Futures Ordinance. Given that Atlas Capital is being managed by a professional management team which has more than 30 years of experience in private banking and investment advisory services, the Directors believe the introduction of the Subscriber as a strategic investor shall empower the Group’s access to resources and future business collaboration between Atlas Capital and the Group and such collaboration would complement the Group’s existing financial services segment in the asset management business thereby allowing the Group to provide a wider spectrum of financial services.

In addition, after considering other fund raising alternatives available to the Group such as debt financing, rights issues and open offer, the Board considers that the issue of the Subscription Shares and the Warrants is an appropriate means of raising additional capital for the Company since (i) the Share Subscription would enhance the cash flow of the Group in a relatively short timeframe; (ii) completion of the Share Subscription is not conditional on the completion of the issue of the Warrants such that the Group could obtain financing from the Share Subscription to facilitate the application for Type 9 regulated activity under the Securities and Futures Ordinance; (iii) the aggregate of

Warrant Price and Warrant Subscription Price of HK\$3.65 represents a premium to the market price of the Shares as at the date of this announcement; (iv) the Warrants are non-interest bearing; (v) the issue of the Warrants will not impose immediate dilution effect on the shareholding of the existing Shareholders; and (vi) the Share Subscription and Warrant Subscription (assuming the Warrant Subscription Rights attaching to the Warrants are exercised) will enlarge and strengthen the capital base and optimize the shareholding structure of the Company.

The Board considered that debt financing is not appropriate given the incurrence of finance costs. The Board also considered rights issue or open offers are not approximate as they usually involve the issue of listing documents with other application and administrative procedures and are therefore carried out over a more extended period of time and less cost effective.

Based on the above, the Directors consider that the terms (including the Share Subscription Price, the Warrant Price and Warrant Subscription Price) of the Share Subscription and Warrant Subscription are fair and reasonable, and the entering into of the Share Subscription Agreement and the Warrant Subscription Agreement are in the best interests of the Company and the Shareholders as a whole.

The gross proceeds of the Share Subscription are estimated to be approximately HK\$86 million, and the net proceeds of the Share Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Share Subscription Agreement and the related documents) are estimated to be approximately HK\$85.8. The net proceeds of the Share Subscription are intended to be applied in the following manner:

- (i) approximately HK\$42 million (representing approximately 48.95% of the estimated net proceeds from the Share Subscription) for strengthening the capital base of the Group for the margin financing services business and providing margin loans to customers;
- (ii) approximately HK\$36 million (representing approximately 41.96% of the estimated net proceeds from the Share Subscription) for enhancing the Group's capital resources for developing its asset management business; and
- (iii) approximately HK\$7.8 million (representing approximately 9.09% of the estimated net proceeds from the Share Subscription) for the general working capital for the Group.

Assuming the Warrant Subscription Rights are exercised in full, the gross proceeds of the Warrant Subscription are estimated to be approximately HK\$146 million, and the net proceeds of the Warrant Subscription (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Warrant Subscription Agreement, the Warrant Instrument and the related documents) are estimated to be approximately HK\$145.6. The net proceeds of the Warrant Subscription are intended to be applied in the following manner:

- (i) approximately HK\$40 million (representing approximately 27.48% of the estimated net proceeds from the Warrant Subscription) for strengthening the capital base of the Group for the margin financing services business and providing margin loans to customers;
- (ii) approximately HK\$80 million (representing approximately 54.95% of the estimated net proceeds from the Warrant Subscription) for enhancing the Group's capital resources for developing its asset management business;
- (iii) approximately HK\$8 million (representing approximately 5.49% of the estimated net proceeds from the Warrant Subscription) for the expansion of its provision of financial services business to include debt securities dealing through hiring experienced personnel and acquiring systems and software; and
- (iv) approximately HK\$17.6 million (representing approximately 12.08% of the estimated net proceeds from the Warrant Subscription) for the general working capital for the Group.

VI. FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
30 June 2020	Allotment and issue of 75,500,000 Shares at the subscription price of HK\$0.80 per share on 31 July 2020 pursuant to the subscription agreement dated 30 June 2020	Approximately HK\$60.15 million	(i) approximately HK\$50.00 million for the expansion of its financial services business by further subscribing for the participating shares in the Cayman private fund established by our wholly-owned subsidiary;	(i) approximately HK\$50.00 million for the expansion of its financial services business by further subscribing for the participating shares in the Cayman private fund established by our wholly-owned subsidiary;
			(ii) approximately HK\$10.15 million for strengthening the sales and distribution network of the financial services business of the Group.	(ii) approximately HK\$9.11 million for strengthening the sales and distribution network of the financial services business of the Group.

Save as disclosed, the Directors confirm that the Company has not conducted any fund raising activity involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

VII. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Share Subscription Completion, assuming that no further changes in the issued share capital of the Company between the date of this announcement and prior to the allotment and issue of the Warrant Shares; and (iii) immediately upon the allotment and issue of the Warrant Shares, assuming that the Share Subscription Completion takes place and no further changes in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Warrant Shares:

	As at the date of this announcement		Immediately after Share Subscription Completion		Immediately upon the allotment and issue of the Warrant Shares (Assuming the Share Subscription Completion takes place)	
	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %
DA Wolf Investments I Limited	497,309,395	35.61	497,309,395	34.62	497,309,395	33.68
Rapid Raise Investment Limited	222,418,000	15.93	222,418,000	15.48	222,418,000	15.06
Mr. Li Ren, a non-executive Director	118,892,000	8.51	118,892,000	8.28	118,892,000	8.05
Summer Empire Investments Limited	17,500,000	1.25	17,500,000	1.22	17,500,000	1.18
Mr. Chen Ningdi, an executive Director	5,500,000	0.39	5,500,000	0.38	5,500,000	0.37
Ms. Jiang Xinrong, an executive Director	10,115,000	0.73	10,115,000	0.70	10,115,000	0.69
DL Securities (HK) Limited (Note)	8,702,000	0.62	8,702,000	0.61	8,702,000	0.59
Subscriber	—	—	40,000,000	2.78	80,000,000	5.42
Public Shareholders	<u>516,184,605</u>	<u>36.96</u>	<u>516,184,605</u>	<u>35.93</u>	<u>516,184,605</u>	<u>34.96</u>
Total	<u><u>1,396,621,000</u></u>	<u><u>100</u></u>	<u><u>1,436,621,000</u></u>	<u><u>100</u></u>	<u><u>1,476,621,000</u></u>	<u><u>100</u></u>

Note: DL Securities (HK) Limited is the trustee of the trust for the administration of the share award scheme adopted by the Board on 8 September 2020 and is a close associate of the Directors by reason of holding Shares to be awarded to selected participants of the share award scheme on trust for the Directors and therefore is a core connected person of the Company and the Shares held by DL Securities (HK) Limited as trustee will not be regarded as public float of the Company.

Completion of the Share Subscription and the Warrant Subscription is subject to the fulfillment of the conditions precedent set forth in the Share Subscription Agreement and the Warrant Subscription Agreement respectively. As the Share Subscription and the Warrant Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

VIII. LISTING RULE IMPLICATIONS

The Subscription Shares will be issued under the General Mandate, which is not subject to Shareholders' approval at the EGM.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on the exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on the exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the number of issued Shares at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, the Company does not have any equity securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 15.02(1) of the Listing Rules. Assuming full exercise of the Warrant Subscription Rights, no more than 40,000,000 Warrant Shares will be issued, representing approximately 2.86% of the number of issued Shares as at the date of this announcement and approximately 2.71% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Warrant Shares.

Pursuant to Rule 13.36(7) of the Listing Rules, the Company may not issue warrants to subscribe for (i) any new Shares of the Company or (ii) any securities convertible into new Shares of the Company, for cash consideration pursuant to a general mandate given under Rule 13.36(2)(b) of the Listing Rules. Therefore, the Warrant Shares will be issued under the Specific Mandate to be sought at the EGM.

IX. EGM

The EGM will be convened for the Shareholders to consider, and if thought fit, approve, the Warrant Subscription Agreement and the transaction contemplated thereunder including the issuance of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares.

To the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Warrant Subscription and is required to abstain from voting on the resolution(s) of the Company in approving the Warrant Subscription Agreement and the transactions contemplated thereunder including, the issuance of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares at the EGM.

A circular containing, among other things, further details of the Warrant Subscription Agreement, the allotment and issue of the Warrant Shares and the notice of the EGM is expected to be despatched to the Shareholders on or before 2 March 2021.

X. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for general banking business in Hong Kong
“close associate”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Dispose of”	(i) offering, selling, pledging, charging, lending, transferring, assigning, mortgaging, contracting to sell, selling any option or contract to purchase, purchasing any option or contract to sell, granting or agreeing to grant any option, right or warrant to purchase or subscribe for, lending, or otherwise howsoever transferring or disposing of, either directly or indirectly, conditionally or unconditionally, or creating any third party right of whatever nature over, any legal or beneficial interest in the Subscription Shares or the Warrant Shares (as the case may be); or (ii) entering into any swap or other arrangement that transfers to another, in whole or in part, any beneficial ownership of the Subscription Shares or the Warrant Shares (as the case may be) or any interest in them or any of the economic consequences or incidents of ownership of the Subscription Shares or the Warrant Shares (as the case may be) or any interest in them; or (iii) entering into any transactions directly or indirectly with the same economic effect as any transactions described in (i) or (ii) above

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Warrant Subscription Agreement and the transactions contemplated thereunder including the issuance of the Warrants and the grant of the Specific Mandate to allot and issue Warrant Shares
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 29 September 2020 to allot and issue up to 272,624,200 Shares, representing 20% of the number of issued Shares on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) in the issued share capital of the Company of HK\$0.01 each
“Share Option Scheme”	a scheme or arrangement approved by the Shareholders of the Company under which Shares or securities convertible into or exchangeable for or carrying rights to acquire any Shares or any such securities by way of subscription or otherwise may be granted to employees of the Company or any subsidiary, including the share option scheme adopted by the Company on 22 September 2015
“Share Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated 5 February 2021 entered into between the Company and the Subscriber in respect of the Share Subscription
“Share Subscription Completion”	completion of the Share Subscription
“Share Subscription Completion Date”	the date on which Share Subscription Completion takes place

“Share Subscription Price”	HK\$2.15 per Subscription Share
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM for the allotment and issue of the Warrant Shares upon exercise of the Warrant Subscription Rights
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	A Square Investments Group Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Chan Kwan (陳昆)
“Subscription Share(s)”	40,000,000 Shares, being the Shares to be allotted and issued to the Subscriber subject to the terms of the Share Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Warrant(s)”	unlisted warrants to be issued by the Company to the Subscriber conferring Warrant Subscription Rights
“Warrant Instrument”	the instrument constituting the Warrants
“Warrant Price”	being the subscription price per Warrant and has the meaning as set out in the sub-paragraph headed “Principal terms of the Warrants” under the paragraph headed “The Warrant Subscription Agreement” in this announcement
“Warrant Share(s)”	the new Shares to be issued by the Company upon exercise by the Warranholders of the Warrant Subscription Rights
“Warrant Subscription”	the subscription for the 40,000,000 Warrants by the Subscriber pursuant to the terms and conditions of the Warrant Subscription Agreement
“Warrant Subscription Agreement”	the warrant subscription agreement dated 5 February 2021 entered into between the Company and the Subscriber in respect of the Warrant Subscription
“Warrant Subscription Completion”	completion of the Warrant Subscription
“Warrant Subscription Completion Date”	the date on which Warrant Subscription Completion takes place

“Warrant Subscription Period”	has the meaning as set out in the sub-paragraph headed “Principal terms of the Warrants” under the paragraph headed “The Warrant Subscription Agreement” in this announcement
“Warrant Subscription Price”	has the meaning as set out in the sub-paragraph headed “Principal terms of the Warrants” under the paragraph headed “The Warrant Subscription Agreement” in this announcement
“Warrant Subscription Rights”	has the meaning as set out in the sub-paragraph headed “Principal terms of the Warrants” under the paragraph headed “The Warrant Subscription Agreement” in this announcement
“Warrantholder”	in relation to any Warrant, the person or persons who is or are for the time being registered in the register of Warrantholders as the holder or joint holders of such Warrant
“%”	per cent.

By Order of the Board
DL Holdings Group Limited
Jiang Xinrong
Chairman & Executive Director

Hong Kong, 5 February 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.