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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)

CONTINUING CONNECTED TRANSACTIONS ADVISORY AGREEMENT

ADVISORY AGREEMENT

The Board is pleased to announce that on 29 December 2023 (after trading hours of the Stock Exchange), DL Family Office, an indirect wholly-owned subsidiary of the Company, entered into the Advisory Agreement with Mr. Chen, pursuant to which, DL Family Office was appointed as the advisor of Mr. Chen for the provision of advisory services. The Advisory Agreement shall be effective from 1 January 2024 and shall expire on 31 December 2026, unless terminated earlier in accordance with the terms of the Advisory Agreement.

DL Family Office has been providing such advisory service to Mr. Chen since 30 December 2021. References are made to announcements of the Company dated 14 September 2023 and 28 November 2023 and circular of the Company dated 25 October 2023 in relation to the acquisition of remaining equity interest in DL Family Office. All conditions precedent of the sale and purchase agreement have been fulfilled and the Acquisition was completed on 28 November 2023. Upon completion of the Acquisition, DL Family Office had become an indirect wholly-owned subsidiary of the Company, and all the transactions between DL Family Office and connected persons of the Company, including but not limited to Mr. Chen, are subject to the applicable requirements under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

Mr. Chen is an executive Director and a substantial shareholder of the Company as defined under the Listing Rules and therefore is a connected person of the Company. Accordingly, the transactions contemplated under the Advisory Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps under the Advisory Agreement exceeds 0.1% but all of them are less than 5% and the largest Annual Cap exceeds HK\$3,000,000, the transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

BACKGROUND

The Board is pleased to announce that, on 29 December 2023 (after trading hours of the Stock Exchange), DL Family Office, an indirect wholly-owned subsidiary of the Company, entered into the Advisory Agreement with Mr. Chen, pursuant to which, DL Family Office was appointed as the advisor of Mr. Chen for the provision of advisory services. The Advisory Agreement shall be effective from 1 January 2024 and shall expire on 31 December 2026, unless terminated earlier in accordance with the terms of the Advisory Agreement.

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PRINCIPAL TERMS OF THE ADVISORY AGREEMENT

Date

29 December 2023 (after trading hours of the Stock Exchange)

Parties

- (1) Mr. Chen
- (2) DL Family Office

Duration

1 January 2024 to 31 December 2026

Provisions of services

The scope of services to be provided by DL Family Office includes the followings:

1. Provide assistance in establishing sustainable strategic asset allocation plans in diversified asset classes, different investment products and structures in various countries, investigating potential investment opportunities and research on industry development and macro-economy;
2. Provide assistance in analyzing potential investment opportunities, proposing investment ideas based on the investment objectives, risk parameters, financial and economic preferences;
3. Provide assistance in selection, recommendation and coordination of relevant agencies, professional institutions, investment banks, private banks and other professionals; and
4. Provide assistance in taking advantage of the facilities and account services from custodian banks to acquire top quality research and strategy.

Annual caps of the management fees and time of payment

Management fees are charged at 0.5% per annum of the net asset portfolio value, provided that the amount of the annual management fee shall not exceed the Annual Cap of HK\$9,500,000. In the case of a partial year, the management fees shall be prorated based on the number of days in the relevant partial year as a percentage of 365 days.

Management fees shall be calculated quarterly from the date of injection of the assets of Mr. Chen. DL Family Office shall issue the management fee bill in the first month of each quarter. The management fee will be paid within 5 working days after the bill is issued. The fee rate is determined with reference to the relevant service fees charged by the Group to other customers who are independent third parties for similar asset management services. The Directors consider that the fee rate is determined based on the normal commercial terms offered by the Group to similar and comparable customers.

The following table sets out the proposed Annual Caps of the management fees under the Advisory Agreement:

	For the year ending 31 December 2024 <i>HK\$'000</i>	For the year ending 31 December 2025 <i>HK\$'000</i>	For the year ending 31 December 2026 <i>HK\$'000</i>
Proposed Annual Caps	9,500	9,500	9,500

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts paid and payable by Mr. Chen to DL Family Office for the provision of advisory services under previous advisory agreement for each of the years ended 31 December 2021 and 31 December 2022 and nine months ended 30 September 2023 were nil, approximately HK\$11,862,000 and HK\$8,719,000, respectively.

BASIS OF THE ANNUAL CAPS FOR THE ADVISORY AGREEMENT

The Annual Caps in respect of the advisory services provided by DL Family Office to Mr. Chen are determined with reference to (i) the historical transaction amounts of the advisory services provided by DL Family Office to Mr. Chen; (ii) the prevailing market rates and the estimated costs to be incurred in connection with provision of the advisory services; (iii) the management fee rate of 0.5% per annum, which is in line with normal market terms for similar advisory services; and (iv) the estimated net asset portfolio value of Mr. Chen which is estimated to be in the region of approximately HK\$1.5 billion as at 30 September 2023.

REASONS FOR AND BENEFITS OF THE ADVISORY AGREEMENT

The Directors believe that the entering into of the Advisory Agreement will allow the Group to leverage on the extensive advisory experiences of DL Family Office to continue provide advisory services to Mr. Chen and is in line with the Company's policy to broaden the revenue base of the Group and provide a stable source of revenue to the Group. Therefore, the Directors consider that entering into of the Advisory Agreement is in the interests of the Company and the Shareholders as a whole. The terms of the Advisory Agreement were arrived at after arm's length negotiations between DL Family Office and Mr. Chen. The Directors, including the independent non-executive Directors, are of the view that the Advisory Agreement have been entered into on normal commercial terms, and in the ordinary and usual course of business of the Group, and the Annual Caps are fair and reasonable.

INTERNAL CONTROL

The terms of the Advisory Agreement were arrived at after arm's length negotiations between DL Family Office and Mr. Chen. In order to ensure the pricing under the Advisory Agreement is on normal commercial terms, the Company has established a series of internal control procedures, among others, including:

1. On an annual basis or more regularly as necessary, the responsible business department of the Group will procure other quotations for similar transaction values from independent brokers and services providers in the market for comparisons of the advisory fee rates charged to their clients. If no comparable transaction is available, the Group will conduct review based on the nature and the scope of work performed.
2. Before the Group enters into any of the transactions, the responsible business department must ensure that (i) the price of the transaction is the same as, or within the price range of, comparable transactions carried out by independent third parties in the market and the pricing policy; and (ii) if there is any change to the Group's pricing policy or mechanism, that the revised pricing policy or mechanism is in line with market practice.
3. In accordance with the requirements under the Listing Rules, the auditors of the Company will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions of the Group: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

4. The independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and confirm in the annual report of the Company whether the transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
5. The finance department of the Group will also collect statistics of each of the renewed continuing connected transactions on a yearly basis to ensure the Annual Caps approved are not exceeded.

INFORMATION ON THE GROUP, DL FAMILY OFFICE AND MR. CHEN

The Company is an investment holding company incorporated in the Cayman Islands with limited liability.

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.

DL Family Office 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. DL Family Office is a licensed corporation under the SFO permitted to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

Mr. Chen is the chairman of the Board, an executive Director, the chief executive officer of the Company and a substantial shareholder of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, DA Wolf Investments I Limited (“**DA Wolf**”) directly owned 535,808,134 Shares, representing approximately 36.85% of all issued Shares as at the date of this announcement. 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.

As at the date of this announcement, Rapid Raise Investments Limited (“**Rapid Raise**”), a company wholly-owned by DL Family Office Global Limited as at the date of this announcement, of which 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 the date of this announcement. 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.

Accordingly, as at the date of this announcement, Mr. Chen is deemed to be beneficially interested in 779,928,099 Shares, representing approximately 53.64% of the issued share capital of the Company.

Mr. Chen is an executive Director and a substantial shareholder of the Company as defined under the Listing Rules and therefore is a connected person of the Company. Accordingly, the transactions contemplated under the Advisory Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of Annual Caps under the Advisory Agreement exceeds 0.1% but all of them are less than 5% and the largest Annual Cap exceeds HK\$3,000,000, the transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from independent shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules.

Mr. Chen was considered to have a material interest in the Advisory Agreement and the transactions contemplated thereunder, and therefore have abstained from voting in the meeting of the Board held on 29 December 2023 to consider and approve the Advisory Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors has any material interest in, or is required to abstain from voting on the resolutions proposed to approve the Advisory Agreement and the transactions contemplated thereunder.

The Directors, including the independent non-executive Directors, have reviewed the terms of the Advisory Agreement and concluded that the transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Advisory Agreement and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the remaining 55.00% equity interests in DL Family Office from DL Global Holdings Limited under the sale and purchase agreement dated 14 September 2023 entered into between DL Asset Management Limited (a wholly-owned subsidiary of the Company) as purchaser and DL Global Holdings Limited as vendor
“Advisory Agreement”	the advisory agreement dated 29 December 2023 entered into between DL Family Office and Mr. Chen in respect of the provision of advisory services
“Annual Caps”	the maximum annual transaction amounts under the Advisory Agreement for each of the years ending 31 December 2024, 31 December 2025 and 31 December 2026
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DL Family Office”	DL Family Office (HK) Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“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

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Ningdi, Chairman, Chief Executive Officer and Executive Director of the Company
“Ms. Jiang”	Ms. Jiang Xinrong, the spouse of Mr. Chen
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“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) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under 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, 29 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.