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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)

CONNECTED TRANSACTION IN RELATION TO THE DEBT INVESTMENT IN CARMEL RESERVE LLC

DEBT INVESTMENT IN CARMEL RESERVE LLC

On 9 May 2024 (after trading hours), the Company and the Borrower entered into the Loan Agreement, pursuant to which the Company agreed to provide the Loan to the Borrower in the principal amount of US\$2,000,000 (equivalent to approximately HK\$15,600,000).

LISTING RULES IMPLICATIONS

Voting Class A Membership Interest of the Borrower

As at the date of this announcement, the voting Class A Membership Interest of the Borrower is owned as to 100% by DLC CR LLC of which DLC Capital GP Limited is holding 100% of the voting Class A interest of DLC CR LLC while DLC Capital Partners I, L.P. is holding 100% of the non-voting Class B interest of DLC CR LLC.

DLC Capital GP Limited is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings, Corporation are ultimately controlled by Mr. Chen and Ms. Jiang.

DLC Capital Partners I, L.P. (the “**Fund**”) is formed as an exempted limited partnership registered in the Cayman Islands on 16 November 2017. As at the date of this announcement, the interest of the Fund was held by 18 limited partners (the “**LP(s)**”). The investor base is globally and individually diversified, with none of the LPs holding more than 30% interest in the Fund. The LPs, as limited partners, are passive investors of the Fund who are entitled to receive distributions of the Fund in accordance with the limited partnership agreement but have no right to participate in the day-to-day operations of the Fund, nor have control over the management of the Fund.

As at the date of this announcement, the LPs of the Fund included (i) DA Asset Management; (ii) DL Family US Holdings, Corporation; (iii) Ms. Jiang; (iv) Ms. He; and (v) Mr. Ai, who are holding approximately 5.26%, 4.81%, 1.56%, 1.24% and 0.63% interests in the Fund, respectively. Save as disclosed, the LPs of the Fund and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Non-Voting Class B Membership Interest of the Borrower

As at the date of this announcement, the non-voting Class B Membership Interest of the Borrower is owned as to approximately 68.25% by DL Family US Holdings, Corporation, approximately 26.65% by DL Investment Holdings US, LLC (a wholly owned subsidiary of the Company), approximately 3.60% by Clear Peak NV LLC, and approximately 1.50% by Catalur GP, LLC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Clear Peak NV LLC, Catalur GP, LLC and their respective ultimate beneficial owners is an third party independent of the Company and its connected persons.

By virtue of the above, the Borrower is a connected person of the Company. Therefore, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

DEBT INVESTMENT IN CARMEL RESERVE LLC

Reference is made to the announcements of the Company dated 11 June 2020, 21 August 2020 and 30 December 2020 (the “**Announcements**”) and the circular dated 20 November 2020 (the “**Circular**”) in relation to the subscription of membership interest in Carmel Reserve LLC.

On 9 May 2024 (after trading hours), the Company and the Borrower entered into the Loan Agreement, pursuant to which the Company agreed to provide the Loan to the Borrower in the principal amount of US\$2,000,000 (equivalent to approximately HK\$15,600,000).

PRINCIPAL TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set out below:

Date:	9 May 2024
Lender:	The Company
Borrower:	Carmel Reserve LLC
Loan Amount:	The principal amount of US\$2,000,000
Interest Rate:	12% per annum
Maturity Date:	The date falling on the expiry of one year from the date on which the Loan is drawn
Repayment:	The Borrower shall repay the principal amount of the Loan together with accrued interest thereon and all other amounts due by it under the Loan Agreement in full on the maturity date
Early Repayment:	Prior to the maturity date, the Borrower may at any time by notice in writing to the Company make early repayment of the principal amount of the Loan and all interest computed up to and including the date of early repayment to discharge its indebtedness and repayment obligations under the Loan Agreement
Security:	The Loan is unsecured

It is expected that approximately HK\$15,000,000 (equivalent to approximately US\$1,923,000) will be financed by the net proceeds from the placing of new Shares under general mandate, which was completed on 9 April 2024, and the remaining balance will be financed by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT

As set out in the announcement of the Company dated 14 May 2020, the Group is actively expanding its investment portfolio to strengthen its brand recognition and market exposure, as well as to produce additional and stable income streams to diversify risks and to increase Shareholders' return. The Board endeavors to diversify the investment portfolio of the Group through different types of investments and mitigate the market risks of the Group's investments. Being an investor interested in approximately 26.65% Class B Membership Interest in the Borrower, the provision of the Loan represents an additional debt investment in the first real estate investment of the Group, i.e. "ONE Carmel" ultra-luxury residential project. Having considered that the Group has been expanding its investment portfolio, the Board is of the view that as a passive financial investor in the Borrower, the Loan could facilitate the Borrower in meeting its financial needs relating to the property development and construction costs, and the Group will be able to enjoy the future potential profit through distribution to be made by the Borrower upon completion of the project. The Board considers that the provision of the Loan represents an attractive debt investment opportunity to the Group through the interest income generated by the Loan together with the potential return upon completion of the project. It is expected that the proceeds of the Loan will be utilized for the completion of phase one of the project, which is currently expected to be completed in the first quarter of 2025.

The terms of the Loan Agreement, including the interest rate, were arrived at after arm's length negotiations between the Company and the Borrower and are on normal commercial terms, having taking into account the prevailing market interest rates and practices.

The Loan Agreement was entered into by the Company having regard to (i) the financial position of the Group; (ii) the interest income per annum to be generated by the transactions contemplated under the Loan Agreement; (iii) the low credit risk of the Loan having considering the credit assessment of the financial strength of the Borrower; and (iv) the other benefits mentioned above. The Directors have considered the Borrower's financial statements and valuation report of the project as of 31 March 2024 for such credit assessment.

In view of the above, the Directors (including the independent non-executive directors) consider the terms of the Loan Agreement have been made on normal commercial terms, are fair and reasonable and the entering into of the Loan Agreement is in the interests of the Company and its Shareholders as a whole.

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.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated in the State of Delaware in the US with limited liability which is principally engaged in the investment, construction and development of a project named “ONE Carmel”, which is an ultra-luxury residential project located in Carmel Valley of Monterey County in California, the US.

LISTING RULES IMPLICATIONS

Voting Class A Membership Interest of the Borrower

As at the date of this announcement, the voting Class A Membership Interest of the Borrower is owned as to 100% by DLC CR LLC of which DLC Capital GP Limited is holding 100% of the voting Class A interest of DLC CR LLC while DLC Capital Partners I, L.P. is holding 100% of the non-voting Class B interest of DLC CR LLC.

DLC Capital GP Limited is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings, Corporation are ultimately controlled by Mr. Chen and Ms. Jiang.

DLC Capital Partners I, L.P. (the “**Fund**”) is formed as an exempted limited partnership registered in the Cayman Islands on 16 November 2017. As at the date of this announcement, the interest of the Fund was held by 18 limited partners (the “**LP(s)**”). The investor base is globally and individually diversified, with none of the LPs holding more than 30% interest in the Fund. The LPs, as limited partners, are passive investors of the Fund who are entitled to receive distributions of the Fund in accordance with the limited partnership agreement but have no right to participate in the day-to-day operations of the Fund, nor have control over the management of the Fund.

As at the date of this announcement, the LPs of the Fund included (i) DA Asset Management; (ii) DL Family US Holdings, Corporation; (iii) Ms. Jiang; (iv) Ms. He; and (v) Mr. Ai, who are holding approximately 5.26%, 4.81%, 1.56%, 1.24% and 0.63% interests in the Fund, respectively. Save as disclosed, the LPs of the Fund and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Non-Voting Class B Membership Interest of the Borrower

As at the date of this announcement, the non-voting Class B Membership Interest of the Borrower is owned as to approximately 68.25% by DL Family US Holdings, Corporation, approximately 26.65% by DL Investment Holdings US, LLC (a wholly owned subsidiary of the Company), approximately 3.60% by Clear Peak NV LLC, and approximately 1.50% by Catalur GP, LLC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Clear Peak NV LLC, Catalur GP, LLC and their respective ultimate beneficial owners is an third party independent of the Company and its connected persons.

By virtue of the above, the Borrower is a connected person of the Company. Therefore, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chen is considered to have material interests in the Loan Agreement and the transactions contemplated thereunder and had abstained from voting on the Board's resolutions approving the Loan Agreement and the transactions contemplated thereunder. Save for Mr. Chen, none of the Directors have any material interest in the Loan Agreement and the transactions contemplated thereunder or are required to abstain from voting on the Board's resolutions approving the Loan Agreement and the transactions contemplated thereunder. Notwithstanding the above, to avoid any potential conflict of interest, each of Ms. He and Mr. Ai, holding approximately 1.24% and 0.63% interests in the Fund as LP respectively and who are Directors, have voluntarily abstained from voting on the Board's resolutions approving the Loan Agreement and the transactions contemplated thereunder.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires others:

“Board”	the board of Directors
“Borrower”	Carmel Reserve LLC, a company with limited liability incorporated in the State of Delaware and its Class A Membership Interest is owned as to 100% by DLC CR LLC and its Class B Membership Interest are owned as to approximately 68.25% by DL Family US Holdings, Corporation, approximately 26.65% by DL Investment Holdings US, LLC (a non-wholly owned subsidiary of the Company), approximately 3.60% by Clear Peak NV LLC, and approximately 1.50% by Catalur GP, LLC as at the date of this announcement
“Class A Membership Interest”	interest in the Borrower as a class A member of the Borrower
“Class B Membership Interest”	interest in the Borrower as a class B member of the Borrower
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“DA Asset Management”	DA Asset Management Limited, a limited liability company incorporated in Hong Kong with its ultimate beneficial owner being Mr. Chen
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong

“Loan”	the loan in the principal amount of US\$2,000,000 to be provided by the Company to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Company and the Borrower on 9 May 2024
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ai”	Mr. Ai Kuiyu, an executive Director of the Company
“Mr. Chen”	Mr. Chen Ningdi, the chairman of the Board, an executive Director and the chief executive officer of the Company
“Ms. He”	Ms. He Zhiying, an executive Director of the Company
“Ms. Jiang”	Ms. Jiang Xinrong, the spouse of Mr. Chen
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“US”	United States of America
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 9 May 2024

For the purpose of this announcement, the conversion of US\$ to HK\$ is based on the rate of US\$1:HK\$7.8. The above conversion rates are for illustrative purpose only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforesaid or any other rates or at all.

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.