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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 IN RELATION TO ACQUISITIONS OF LISTED SECURITIES

THE ACQUISITIONS

The Board wishes to announce that during the period from 11 June 2020 to 4 January 2021 (both dates inclusive), the Fund, a wholly-owned subsidiary of the Group acquired on the open market a total of 8,000,000 Target Shares at an average price of approximately HK\$4.96 per Target Share for an aggregate consideration of approximately HK\$39.7 million (exclusive of transaction costs).

IMPLICATIONS UNDER THE LISTING RULES

Each of the acquisition of the Target Shares by the Group, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Acquisition and the Acquisition would complete within a 12 month-period, the Acquisition is required to aggregate with the Previous Acquisition in accordance with Rule 14.22 of the Listing Rule.

One of the applicable percentage ratios for the Acquisitions, when aggregated as a whole, is more than 5% and below 25%. As such, the Acquisitions, when aggregated as a whole, constitute a discloseable transaction of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

THE ACQUISITIONS

The Board wishes to announce that during the period from 11 June 2020 to 4 January 2021 (both dates inclusive), the Group acquired on the open market a total of 8,000,000 Target Shares at an average price of approximately HK\$4.96 per Target Share for an aggregate consideration of approximately HK\$39.7 million (exclusive of transaction costs).

As the Acquisitions were made through the open market, the Company is not aware of the identities of the sellers of the Target Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the Target Shares and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

ASSETS ACQUIRED

Immediately before the Acquisition, the Group held 6,000,000 Target Shares. Immediately upon settlement of the Acquisition of the Target Shares, the Group will hold an aggregate of 8,000,000 Target Shares, representing approximately 0.55% of the issued share capital of Target Company as at the date of this announcement.

CONSIDERATION

The aggregate consideration for the Acquisitions was approximately HK\$39.7 million (exclusive of transaction costs). As the Acquisitions were conducted on the open market, the price of each trade represented the then market price of the Target Shares at the relevant time of the Acquisitions.

The consideration of the Acquisitions has been funded by the Group's internal resources.

PREVIOUS ACQUISITION

Reference is made to the announcement of the Company dated 24 November 2020, during the period from 11 June to 24 November 2020, the Fund conducted a series of on-market transactions on the Stock Exchange, immediately before the Acquisition, the Fund is the holder of an aggregate of 6,000,000 Target Shares for an aggregate consideration of approximately HK\$26.5 million (exclusive of transaction costs).

The 6,000,000 Target Shares have been accounted for as financial assets at fair value through profit or loss in the consolidated financial statements of the Group and the Previous Acquisition was financed by the Group using internal resources.

INFORMATION ON TARGET COMPANY

The Target Company is a company incorporated in the Cayman Islands with limited liability. The Target Company and its subsidiaries are principally engaged in the provision of Information Technology ("IT") products, provision of enterprise system tools for IT infrastructure and IT infrastructure design and implementation, training, maintenance and support services, as well as the provision of network security hardware and software required for big data and cloud computing.

Set out below is a summary of certain audited consolidated financial information of Target Company for the two years ended 31 December 2019 as extracted from the annual report of Target Company for the year ended 31 December 2019:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	<i>HK\$ ('000)</i> (audited)	<i>HK\$ ('000)</i> (audited)
Revenue	66,209,921	62,481,961
Profit before income tax and share of results of equity investees	1,009,507	946,999
Profit after income tax and share of results of equity investees	809,948	740,827

Based on the annual report of Target Company for the year ended 31 December 2019, the audited net asset value of Target Company as at 31 December 2019 was approximately HK\$5,654,472,000.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in provision of financial services of licensed business including financial advisory services, securities research, referral and brokerage services and margin financial services, provision of money lending services and provision of asset management services and sales of apparel products with the provision of supply chain management total solutions to customers. The Fund has set up the Segregated Portfolio to generate returns for its participating shareholders by making investment on certain equity securities. Having considered (i) the financial performance of the Target Company; (ii) the Target Company satisfying the investment criteria of the Segregated Portfolio; and (iii) the low interest rate environment in Hong Kong, the Company considered that the Acquisition presented a good opportunity for the Fund to utilize its available capital for to generate returns in fulfilling its investment objective.

As the Acquisitions were made at market price and on the open market of the Stock Exchange, the Directors considered that the terms of the Acquisitions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Each of the acquisition of Target Shares by the Fund, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Acquisition and the Acquisition would complete within a 12 month-period, the Acquisition is required to aggregate with the Previous Acquisition in accordance with Rule 14.22 of the Listing Rule.

One of the applicable percentage ratios for the Acquisitions, when aggregated as a whole, is more than 5% and below 25%. As such, the Acquisitions, when aggregated as a whole, constitute a discloseable transaction of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of 2,000,000 Target Shares at the average of HK\$6.59 per Target Share for a consideration of approximately HK\$13.2 million (exclusive of transaction costs) conducted on the Stock Exchange on 4 January 2021
“Acquisitions”	Collectively, the Previous Acquisition and Acquisition
“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 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
“Directors”	the directors of the Company
“Fund”	a Cayman private fund established by the Group, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“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”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Previous Acquisition”	the acquisition of an aggregate of 6,000,000 Target Shares for an aggregate consideration of approximately HK\$26.5 million (exclusive of transaction costs) in a series of on-market transactions conducted on the Stock Exchange during the period from 11 June 2020 to 24 November 2020
“Segregated Portfolio”	a segregated portfolio set up by the Fund

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	VSTECS Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 0856)
“Target Share(s)”	Ordinary share(s) of Target Company
“%”	per cent.

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

Hong Kong, 4 January 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.