
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **DL Holdings Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(I) CONTINUING CONNECTED TRANSACTION IN RELATION TO PROPOSED REVISION OF TERMS AND ANNUAL CAPS OF THE ADVISORY AGREEMENT AND (II) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 4 to 13 of this circular. and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-11 of this circular.

A notice convening the EGM to be held at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong on Friday, 13 September 2024 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM (i.e. by 11:30 a.m. on Wednesday, 11 September 2024) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

7 August 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“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
“associates”	has the meaning ascribed thereto in the Listing Rules
“AUA”	assets under advisory
“AUM”	assets under management
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“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 thereto in the Listing Rules
“continuing connected transaction”	has the meaning ascribed thereto in 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
“EGM”	extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps)

DEFINITIONS

“Existing Annual Caps”	the existing annual caps for the three respective years ending 31 December 2024, 31 December 2025 and 31 December 2026 under the Advisory Agreement
“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
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Mr. Li Xiaoxiao, which has been established to advise the Independent Shareholders in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps)
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps)
“Independent Shareholder(s)”	the Shareholders who have no material interest in, and are not required under the Listing Rules to abstain from voting at the EGM to approve, the Supplemental Advisory Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	1 August 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Chen”	Mr. Chen Ningdi, the chairman of the Board, an executive Director and the chief executive officer of the Company
“Ms. Jiang”	Ms. Jiang Xinrong, the spouse of Mr. Chen
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Revised Annual Caps”	the revised annual caps for the transactions contemplated under the Advisory Agreement (as amended and supplemented by the Supplemental Advisory Agreement) for the three years ending 31 March 2025, 31 March 2026 and 31 March 2027
“SFO”	the 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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Advisory Agreement”	the supplemental advisory agreement dated 17 July 2024 entered into between DL Family Office and Mr. Chen to amend and supplement the Advisory Agreement
“%”	per cent

The English text of this circular, the notice of the EGM and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

LETTER FROM THE BOARD



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)

Executive Directors

Mr. CHEN Ningdi (*Chairman & Chief Executive Officer*)

Mr. LANG Joseph Shie Jay

Mr. AI Kuiyu

Ms. HE Zhiying

Non-executive Directors

Mr. CHAN Kwan

Mr. CHAN Kwun Wah Derek

Mr. WANG Yiding

Independent non-executive Directors

Mr. CHANG Eric Jackson

Mr. CHEN Cheng-Lien (*also known as
Chen Cheng-Lang and Chen Stanley*)

Mr. LIU Chun

Mr. LI Xiaoxiao

Registered office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong*

Unit 2902, Vertical Square

28 Heung Yip Road

Wong Chuk Hang

Hong Kong

7 August 2024

To the Shareholders

Dear Sir/Madam,

**(I) CONTINUING CONNECTED TRANSACTION
IN RELATION TO PROPOSED REVISION OF TERMS AND ANNUAL CAPS
OF THE ADVISORY AGREEMENT**

AND

(II) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Company's announcement dated 17 July 2024 in relation to, among other things, the Supplemental Advisory Agreement and the proposed revision of terms and the Existing Annual Caps for the continuing connected transactions under the Advisory Agreement.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further details of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information as required under the Listing Rules. At the EGM, such necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps).

BACKGROUND

Reference is made to the announcement of the Company dated 29 December 2023 in relation to, among others, the Advisory Agreement entered into between DL Family Office (an indirectly wholly-owned subsidiary of the Company) and Mr. Chen, pursuant to which, DL Family Office was appointed as the advisor of Mr. Chen for the provision of advisory services for a term of three years from 1 January 2024 to 31 December 2026.

In view of the increasing demand from Mr. Chen for the investment advisory and asset management advisory services provided by DL Family Office, it is expected that the Existing Annual Caps will not be sufficient to meet the demand. Accordingly, on 17 July 2024 (after trading hours of the Stock Exchange), DL Family Office entered into the Supplemental Advisory Agreement with Mr. Chen to revise the Existing Annual Caps for a term of three years commencing from 1 April 2024 to 31 March 2027. The nature and scope of the service is substantially the same as covered in the previous agreement. The reasons for the significant increase in annual cap are due to the increasing AUM/AUA for Mr. Chen and the increasing demand for investment advisory and asset management services from Mr. Chen.

Other than the revision of (i) the Existing Annual Caps to the Proposed Revised Annual Caps for a term of three years commencing from 1 April 2024 to 31 March 2027 and (ii) the notice clause, all other terms and conditions under the Advisory Agreement remain unchanged. As the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) are subject to, among others, Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules (please refer to "Listing Rules Implications" below in this circular for details), the Supplemental Advisory Agreement will only become effective upon the Supplemental Advisory Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in compliance with the Listing Rules.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE SUPPLEMENTAL ADVISORY AGREEMENT

The principal terms of the Supplemental Advisory Agreement are set out as follows:

Date

17 July 2024 (after trading hours of the Stock Exchange)

Parties

- (i) Mr. Chen
- (ii) DL Family Office

Duration

1 April 2024 to 31 March 2027

Subject Matter

Pursuant to the Supplemental Advisory Agreement, the parties have agreed to revise the Existing Annual Caps under the Advisory Agreement to the Proposed Revised Annual Caps for a term of three years commencing from 1 April 2024 to 31 March 2027. Save as amended and supplemented by the Supplemental Advisory Agreement, all other terms of the Advisory Agreement remain unchanged.

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 macroeconomy;
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.

LETTER FROM THE BOARD

Conditions precedent

The Supplemental Advisory Agreement will only become effective upon the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) having been approved by the Independent Shareholders in compliance with the Listing Rules.

Historical figures and the Proposed Revised Annual Caps

The historical transaction amount paid and payable by Mr. Chen to DL Family office for the provision of advisory services under the Advisory Agreement for the six months ended 30 June 2024 was approximately HK\$9.43 million, which represents approximately 99.3% of the Existing Annual Caps of HK\$9.5 million for the year ending 31 December 2024. As at the Latest Practicable Date, the Existing Annual Caps had not been exceeded. The transaction amount under the Advisory Agreement will be closely monitored to ensure that they do not exceed the Existing Annual Caps prior to obtaining approval from the Independent Shareholders of the Proposed Revised Annual Caps.

The following table sets out the Existing Annual Caps and the Proposed Revised Annual Caps of the management fees under the Advisory Agreement and the Supplemental Advisory Agreement, respectively:

	For the year ending 31 December 2024 HK\$'000	For the year ending 31 December 2025 HK\$'000	For the year ending 31 December 2026 HK\$'000
Existing Annual Caps	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>
	For the year ending 31 March 2025 HK\$'000	For the year ending 31 March 2026 HK\$'000	For the year ending 31 March 2027 HK\$'000
Proposed Revised Annual Caps	<u>25,000</u>	<u>35,000</u>	<u>45,000</u>

LETTER FROM THE BOARD

BASIS OF THE PROPOSED REVISED ANNUAL CAPS FOR THE SUPPLEMENTAL ADVISORY AGREEMENT

The Proposed Revised 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 growing demand for advisory services from Mr. Chen;
- (iii) the prevailing market rates and the estimated costs to be incurred in connection with provision of the advisory services;
- (iv) the management fee rate of 0.5% per annum, which is in line with normal market terms for similar advisory services;
- (v) the estimated net asset portfolio value of Mr. Chen which is estimated to be in the region of approximately HK\$3.0 billion to HK\$4.0 billion as at 31 March 2024; and
- (vi) the estimated increase in demand from Mr. Chan for the advisory services to be provided by DL Family Office for the three years ending 31 March 2027, taking into account the increase in the estimated net asset portfolio of Mr. Chen with an estimated growth rate of approximately 10% per quarter for the years ending 31 March 2025 and 2026 and approximately 5% per quarter for the year ending 31 March 2027.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL ADVISORY AGREEMENT AND PROPOSED REVISED ANNUAL CAPS

DL Family Office has been providing advisory services to Mr. Chen since 30 December 2021. The Directors believe that the entering into of the Supplemental Advisory Agreement will allow the Group to leverage on the extensive investment advisory and asset management 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.

The Directors have been monitoring the historical transaction amounts under the Advisory Agreement. The performance of the portfolio of Mr. Chen was better than expected when the Advisory Agreement was entered in December 2023. On the other hand, the net asset portfolio of Mr. Chen has also grown rapidly and significantly from approximately HK\$1.1 billion as at 31 December 2022 to approximately HK\$2.9 billion as at 31 December 2023 and further to approximately HK\$3.3 billion as at 31 March 2024.

LETTER FROM THE BOARD

In view of the increasing demand from Mr. Chen for the advisory services provided by DL Family Office due to the increase in net asset portfolio of Mr. Chen, it is expected that the Existing Annual Caps will not be sufficient to meet the demand. Therefore, the Board proposed to revise the Existing Annual Caps to allow flexibility for transactions between DL Family Office and Mr. Chen.

The Directors (other than (i) the members of the Independent Board Committee who will express their views after considering the advice from the Independent Financial Adviser; and (ii) Mr. Chen, who abstained from voting at the Board meeting in respect of the resolutions approving the Supplemental Advisory Agreement due to his material interest in the Supplemental Advisory Agreement and the transactions contemplated thereunder) consider that the entering into of the Supplemental Advisory Agreement and the transaction contemplated thereunder (including the Proposed Revised Annual Caps) is in the ordinary and usual course of business of the Group, and the terms thereof are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL

The terms of the Supplemental 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 Supplemental Advisory Agreement is on normal commercial terms, the Company has established a series of internal control procedures, among others, including, but not limited to:

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.

The responsible business department of the Group will consider various macroeconomic factors across different asset classes, including, but not limited to, interest rates, inflation rates, credit risks, political and sovereign risks, liquidity risks, economic growth, etc., to determine whether a more regular time interval for procuring the quotations is required at the end of each quarter.

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.

LETTER FROM THE BOARD

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 OF THE GROUP, DL FAMILY OFFICE AND MR. CHEN

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the main board of the Stock Exchange (stock code: 1709).

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 family office services, investment advisory, assets management services and referral services for ultra-high net worth families; (iii) provision of money lending services; (iv) sales of apparel products with the provision of supply chain management total solutions to customers; and (v) 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.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, DA Wolf Investments I Limited (“**DA Wolf**”) directly owned 535,808,134 Shares, representing approximately 35.29% of all issued Shares as at the Latest Practicable Date. 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 Latest Practicable Date, Rapid Raise Investments Limited (“**Rapid Raise**”), a company wholly-owned by DL Family Office Global Limited as at the Latest Practicable Date, of which approximately 36.6% of the issued share capital was held by Ms. Jiang, directly held 226,124,966 Shares, representing approximately 14.89% of all issued Shares as at the Latest Practicable Date. 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 Latest Practicable Date, Mr. Chen is deemed to be beneficially interested in 779,928,099 Shares, representing approximately 51.37% 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 Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to revise the Existing Annual Caps under the Advisory Agreement, the Company is required to re-comply with the relevant requirements of 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 Proposed Revised Annual Caps exceeds 5%, the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) are subject to the reporting, announcement, Independent Shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors (i.e. Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Mr. Li Xiaoxiao) has been established to consider, and make recommendations to the Independent Shareholders in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps).

None of the members of the Independent Board Committee has any interest or involvement in the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps).

LETTER FROM THE BOARD

INDEPENDENT FINANCIAL ADVISER

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps).

EGM AND CLOSURE OF REGISTER OF MEMBERS

The Company will convene the EGM at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong on Friday, 13 September 2024 at 11:30 a.m. to consider and, if thought fit, approve, among other things, the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps). A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholders or their respective associates with a material interest in the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) shall abstain from voting at the EGM.

The relevant interested Shareholders, namely Mr. Chen Ningdi, Ms. Jiang Xinrong and their respective associates (including DL Wolf and Rapid Raise), who together held 779,928,099 Shares in aggregate, representing approximately 51.37% of the issued share capital of the Company as at the Latest Practicable Date will abstain from voting on the resolution approving the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) at the EGM. Save as disclosed above, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each and every resolution put forward at the EGM. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for the EGM is enclosed. Whether or not you wish to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. by 11:30 a.m. on Wednesday, 11 September 2024) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024 (both days inclusive) for determining the eligibility of the Shareholders to attend and vote at the EGM. In order to qualify for attendance and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates with Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Monday, 9 September 2024.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on pages IBC-1 to IBC-2 of this circular which contains its recommendations to the Independent Shareholders on the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps). Your attention is also drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages IFA-1 to IFA-11 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps), the casting of votes for or against the resolution(s) approving the above, as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including members of the Independent Board Committee whose views have been set out in the section headed “Letter from the Independent Board Committee” after taking into consideration the advice of the Independent Financial Adviser but excluding Mr. Chen who abstained from voting at the Board meeting in respect of the resolutions approving the Supplemental Advisory Agreement due to his material interest in the Supplemental Advisory Agreement and the transactions contemplated thereunder) are of the view that the entering into of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) is in the ordinary and usual course of business of the Group, and the terms thereof are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They would therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendix to this circular.

By Order of the Board
DL Holdings Group Limited
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

7 August 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION IN RELATION TO PROPOSED REVISION OF TERMS AND ANNUAL CAPS OF THE ADVISORY AGREEMENT

We refer to the circular dated 7 August 2024 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the EGM. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 13 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps), as set out on pages IFA-1 to IFA-11 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps), the advice given by the Independent Financial Adviser, and the principal factors and reasons taken into consideration by it in arriving at its advice, we are of the opinion that (i) the entering into of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) is in the ordinary and usual course of business of the Group; (ii) the terms thereof are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps).

Yours faithfully,
the Independent Board Committee of
DL Holdings Group Limited

Mr. CHANG Eric Jackson
Independent non-executive Director

Mr. CHEN Cheng-Lien
Independent non-executive Director

Mr. LIU Chun
Independent non-executive Director

Mr. LI Xiaoxiao
Independent non-executive Director

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Advisory Agreement, which has been prepared for the purpose of inclusion in this circular.



7 August 2024

To the Independent Board Committee and the Independent Shareholders

DL Holdings Group Limited
Unit 2902
Vertical Square
28 Heung Yip Road
Wong Chuk Hang, Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS PROPOSED REVISION OF TERMS AND ANNUAL CAPS OF THE ADVISORY AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 7 August 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 29 December 2023 in relation to, among others, the Advisory Agreement entered into between DL Family Office and Mr. Chen. In view of the increasing demand from Mr. Chen for the investment advisory and asset management advisory services provided by DL Family Office, it is expected that the Existing Annual Caps will not be sufficient to meet the demand. Accordingly, on 17 July 2024 (after trading hours of the Stock Exchange), DL Family Office entered into the Supplemental Advisory Agreement with Mr. Chen to revise the Existing Annual Caps for a term of three years commencing from 1 April 2024 to 31 March 2027.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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 Supplemental 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 Proposed Revised Annual Caps exceeds 5%, the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors (i.e. Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Mr. Li Xiaoxiao) has been established to advise the Independent Shareholders in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps). We, Rainbow Capital (HK) Limited, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, and Mr. Chen that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement or connection between the Group or Mr. Chen and us other than this appointment. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or Mr. Chen. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Mr. Chen or their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Supplemental Advisory Agreement, we have taken into account the principal factors and reasons set out below:

1. Information of the Group

(i) Information of the Group

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 family office services; (iii) provision of money lending services to customers; (iv) sales of apparel products with the provision of supply chain management total solutions to customers; and (v) 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 March 2024 (“FY2022”, “FY2023” and “FY2024”, respectively) as extracted from the annual reports of the Company for FY2023 and FY2024:

Financial performance

	FY2022	FY2023	FY2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	309,065	191,116	202,353
– Financial services of licensed business	141,352	136,853	150,974
– Family office services business	–	–	16,172
– Money lending services	15,042	16,656	14,056
– Sales of apparel products	130,381	22,327	4,809
– Enterprise solutions services	22,290	15,280	16,342
Gross profit	172,720	102,640	130,457
Profit/(Loss) for the year	109,775	(49,177)	99,903

The Group’s revenue decreased from approximately HK\$309.1 million for FY2022 to approximately HK\$191.1 million for FY2023, which was mainly due to decrease in revenue generated from the sales of apparel products as the segment suffered from the severe adverse effect of COVID-19 outbreaks on its customers sourcing and other related business activities. In view of such pressure, the Group adopted a conservative strategy in the apparel business with the view to lower the risk exposure of the Group. In line with the decrease in revenue, the Group recorded decrease in gross profit from approximately HK\$172.7 million for FY2022 to approximately HK\$102.6 million for FY2023. As a result of the decrease in gross profit, the net losses on disposals of financial assets at fair value through profit or loss of approximately HK\$37.8 million and the increase in share-based payment expenses of approximately HK\$15.5 million incurred for FY2023, the Group recorded loss of approximately HK\$49.2 million for FY2023.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

During FY2023, to expand the financial services business segment of the Group, the Group had, among others, acquired the remaining 55% interests in DL Family Office to expand the business to the provision of personalized wealth management and succession services. For FY2024, the revenue generated from the provision of financial services increased by approximately 10.3% from approximately HK\$136.9 million for FY2023 to approximately HK\$151.0 million, which was mainly attributable to the increase in management and performance fees generated from the provision of financial advisory services and investment management services. In addition, the Group commenced to record revenue generated from the family office services business which amounted to approximately HK\$16.2 million. On the other hand, the apparel business of the Group continued to shrink and revenue generated from this segment decreased to approximately HK\$4.8 million. Due to the combined factors above, the Group recorded increase in revenue from approximately HK\$191.1 million for FY2023 to approximately HK\$202.4 million for FY2024, and gross profit increased from approximately HK\$102.6 million for FY2023 to approximately HK\$130.5 million for FY2024. The Group also turnaround from loss to profit of approximately HK\$99.9 million for FY2024.

(ii) Information of Mr. Chen

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.

2. Reasons for and benefits of the Supplemental Advisory Agreement

As stated in the Letter from the Board, DL Family Office has been providing advisory services to Mr. Chen since 30 December 2021. The Directors believe that the entering into of the Supplemental Advisory Agreement will allow the Group to leverage on the extensive investment advisory and asset management 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.

The Directors have been monitoring the historical transaction amounts under the Advisory Agreement. The performance of the portfolio of Mr. Chen was better than expected when the Advisory Agreement was entered in December 2023. On the other hand, the net asset portfolio of Mr. Chen has also grown rapidly and significantly from approximately HK\$1.1 billion as at 31 December 2022 to approximately HK\$2.9 billion as at 31 December 2023 and further to approximately HK\$3.3 billion as at 31 March 2024. In view of the increasing demand from Mr. Chen for the advisory services provided by DL Family Office due to the increase in net asset portfolio of Mr. Chen, it is expected that the Existing Annual Caps will not be sufficient to meet the demand. Therefore, the Board proposed to revise the Existing Annual Caps to allow flexibility for transactions between DL Family Office and Mr. Chen.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As set out in the section headed “Information on the Group” above, following the acquisition of the remaining 55% interests in DL Family Office in FY2023, the Group has focused on the expansion of its financial services business and this business has become a major contributing factor to the revenue and gross profit of the Group. In view of the positive development and organic growth of its financial services business, as part of the forward-looking strategy, the Group aims to be a prominent asset management and financial services platform, with a core focus on family office in the Asia-Pacific region. In particular, the Group will continue to provide personalized wealth management and succession services throughout the entire life cycle for ultra-high net worth families. Hence, the increased provision of investment advisory and asset management services to Mr. Chen is in line with the business strategy of the Group.

Based on the above, we concur with the Board that the entering into of the Supplemental Advisory Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Supplemental Advisory Agreement

In view of the increasing demand from Mr. Chen for the advisory services provided by DL Family Office, it is expected that the Existing Annual Caps will not be sufficient to meet the demand. Accordingly, on 17 July 2024 (after trading hours of the Stock Exchange), DL Family Office entered into the Supplemental Advisory Agreement with Mr. Chen to revise the Existing Annual Caps for a term of three years commencing from 1 April 2024 to 31 March 2027. The nature and scope of the service is substantially the same as covered in the previous agreement. Details of the terms of the Supplemental Advisory Agreement are set out in the sections headed “Principal terms of the Supplemental Advisory Agreement” in the Letter from the Board. Set out below are the principal terms of the Supplemental Advisory Agreement:

Date	:	17 July 2024 (after trading hours of the Stock Exchange)
Parties	:	(1) Mr. Chen (2) DL Family Office
Duration	:	1 April 2024 to 31 March 2027
Subject matter	:	Pursuant to the Supplemental Advisory Agreement, the parties have agreed to revise the Existing Annual Caps under the Advisory Agreement to the Proposed Revised Annual Caps for a term of three years commencing from 1 April 2024 to 31 March 2027. Save as amended and supplemented by the Supplemental Advisory Agreement, all other terms of the Advisory Agreement remain unchanged.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

- Condition precedent : The Supplemental Advisory Agreement will only become effective upon the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) having been approved by the Independent Shareholders in compliance with the Listing Rules.
- 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 macroeconomy;
 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.

In assessing whether the terms of the Supplemental Advisory Agreement are fair and reasonable, we have reviewed the advisory agreement dated 30 December 2021 entered between DL Family Office and Mr. Chen for the provision of advisory services and the Advisory Agreement, and we noted that the terms of the agreements were substantially the same, including the management fee rate of 0.5%. During 2021 to 2023, DL Family Office entered into a total of 16 agreements with Independent Third Party customers. For comparison purpose, we have, on a random basis, obtained 9 out of the 16 agreements entered into between DL Family Office and Independent Third Party customers in 2021 to 2023 for similar advisory services, which represented approximately 56.3% of the total number of contracts and we consider the sample to be fair and representative. It is noted that the management fee charged by DL Family Office to the Independent Third Party customers ranged from 0.1875% to 1.5%, with the management fee rate generally decrease as the AUM increase. In this relation, we also noted that all agreements with management fee rate higher than 0.5% have AUM lower than the AUM of Mr. Chen as at 31 December 2023. Hence, we consider the management fee charged under the Supplemental Advisory Agreement is no less favourable to the Group than the terms available to Independent Third Party customers. It is also noted that the other major terms are substantially the same.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Based on our review of the agreements as stated above, we consider that the terms, including the management fee rate, of the Supplemental Advisory Agreement are on normal commercial terms which are fair and reasonable.

4. Internal control measures of the Group

The Company has adopted the following internal control measures with respect to the transactions contemplated under the Supplemental Advisory Agreement in order to safeguard the interests of the Shareholders:

- (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. The responsible business department of the Group will consider various macroeconomic factors across different asset classes, including, but not limited to, interest rates, inflation rates, credit risks, political and sovereign risks, liquidity risks, economic growth, etc., to determine whether a more regular time interval for procuring the quotations is required at the end of each quarter. 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

In assessing whether the above internal control measures are put in place and effectively implemented, as mentioned in the section headed “3. Principal terms of the Supplemental Advisory Agreement” above, we have obtained and reviewed the existing advisory agreements entered into between DL Family Office and Mr. Chen and a total of 9 advisory agreements entered between the DL Family Office and Independent Third Party customers, and the sample size of which we consider to be fair and representative, and consider that the terms, including the management fee, are on normal commercial terms which are fair and reasonable. Having considered that the Group had been effectively implemented its internal control measures for the transactions conducted between DL Family Office and Mr. Chen, we are of the view that the internal control measure for monitoring the transactions contemplated under the Supplemental Advisory Agreement would be effectively implemented.

Having considered the above, in particular (i) the ongoing monitoring of the transactions under the Supplemental Advisory Agreement; and (ii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the Supplemental Advisory Agreement and the annual caps thereunder, we concur with the Board that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the Supplemental Advisory Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Assessment of the Proposed Revised Annual Caps

The historical transaction amount paid and payable by Mr. Chen to DL Family office for the provision of advisory services under the Advisory Agreement for the six months ended 30 June 2024 was approximately HK\$9.43 million, which represents approximately 99.3% of the Existing Annual Caps of HK\$9.5 million for the year ending 31 December 2024.

The following table sets out the Existing Annual Caps and the Proposed Revised Annual Caps of the management fees under the Advisory Agreement and the Supplemental Advisory Agreement, respectively:

	For the year ending 31 December 2024 HK\$'000	For the year ending 31 December 2025 HK\$'000	For the year ending 31 December 2026 HK\$'000
Existing Annual Caps	9,500	9,500	9,500
	For the year ending 31 March 2025 HK\$'000	For the year ending 31 March 2026 HK\$'000	For the year ending 31 March 2027 HK\$'000
Proposed Revised Annual Caps	25,000	35,000	45,000

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As disclosed in the Letter from the Board, the Proposed Revised 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 growing demand for advisory services from Mr. Chen; (iii) the prevailing market rates and the estimated costs to be incurred in connection with provision of the advisory services; (iv) the management fee rate of 0.5% per annum, which is in line with normal market terms for similar advisory services; (v) the estimated net asset portfolio value of Mr. Chen which is estimated to be in the region of approximately HK\$3.0 billion to HK\$4.0 billion as at 31 March 2024; and (vi) the estimated increase in demand from Mr. Chan for the advisory services to be provided by DL Family Office for the three years ending 31 March 2027, taking into account the increase in the estimated net asset portfolio of Mr. Chen with an estimated growth rate of approximately 10% per quarter for the years ending 31 March 2025 and 2026 and approximately 5% per quarter for the year ending 31 March 2027.

In assessing the reasonableness of the Proposed Revised Annual Caps, we have discussed with the management of the Group on the basis and assumption underlying the projections for the advisory services to be provided by DL Family Office to Mr. Chen. As advised by the management of the Group, the performance of the portfolio of Mr. Chen was better than expected when the Advisory Agreement was entered in December 2023, and the net asset value of Mr. Chen's portfolio has grown significantly from approximately HK\$2.9 billion as at December 2023 to approximately HK\$3.3 billion as at March 2024, representing an increase of approximately 15.3%. In light of the significant growth which is attributable to the performance of DL Family Office, the Group estimate that the portfolio would continue to grow at a rate of 10% per quarter for the years ending 31 March 2025 and 2026 and 5% per quarter for the year ending 31 March 2027. Based on the actual management fee charged for the three months ended 31 March 2024 and the growth rate of 10% per quarter for the years ending 31 March 2025 and 2026 and 5% per quarter for the year ending 31 March 2027, it is expected that the total management fee chargeable to Mr. Chen would amount to approximately HK\$22.9 million, HK\$33.6 million and HK\$43.6 million for the years ending 31 March 2025, 2026 and 2027, respectively, and representing approximately 91.7%, 95.9% and 96.9% of the Proposed Revised Annual Caps, respectively. In view of the historical outstanding performance of DL Family Office on the portfolio of Mr. Chen, we concur with the Directors that the Proposed Revised Annual Caps are likely to be required to cater for the increase in portfolio size. Accordingly, we consider the Proposed Revised Annual Caps are fair and reasonable.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Supplemental Advisory Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Supplemental Advisory Agreement (including the Proposed Revised Annual Caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM to approve the Supplemental Advisory Agreement (including Proposed Revised Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

(i) Long positions in Shares

Name of Director(s)	Capacity/ Nature of interests	Number of Shares	Approximate percentage of the issued share capital of the Company (note 1)
Mr. Chen Ningdi (“ Mr. Chen ”)	Interest of controlled corporation	535,808,134 (Note 2)	35.29%
	Interest of spouse	226,328,299 (Note 3)	14.91%
	Beneficial owner	17,791,666 (Note 2)	1.17%
Mr. Chan Kwan	Beneficial owner	31,406,667 (Note 4)	2.07%
Mr. Ai Kuiyu (“ Mr. Ai ”)	Beneficial owner	6,108,133 (Note 5)	0.40%

Name of Director(s)	Capacity/ Nature of interests	Number of Shares	Approximate percentage of the issued share capital of the Company (note 1)
	Interest of spouse	559,166 (Note 5)	0.04%
Mr. Lang Joseph Shie Jay ("Mr. Lang")	Beneficial owner	4,500,000 (Note 6)	0.30%
	Interest of spouse	1,427,400 (Note 6)	0.09%
Ms. He Zhiying ("Ms. He")	Beneficial owner	3,554,874 (Note 7)	0.23%
Mr. Li Xiaoxiao ("Mr. Li")	Beneficial owner	210,000 (Note 8)	0.01%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,518,326,350 Shares as at the Latest Practicable Date.
- (2) DA Wolf Investments I Limited ("DA Wolf") directly owned 535,808,134 Shares, representing approximately 35.29% of all issued Shares. 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. By virtue of the SFO, Ms. Jiang, being the spouse of Mr. Chen, was deemed to be interested in all Shares held by Mr. Chen.
- (3) Rapid Raise Investments Limited ("Rapid Raise"), a company wholly owned by DL Family Office Global Limited ("DL Global"), of which approximately 30% of the issued share capital was held by Mr. Chen and approximately 36.6% of the issued share capital was held by Ms. Jiang, directly held 226,124,966 Shares, representing approximately 14.89% of all issued Shares. 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.
- (4) These 31,406,667 Shares represented the Shares beneficially owned by Mr. Chan Kwan.
- (5) These 6,108,133 Shares represented the Shares beneficially owned by Mr. Ai. These 559,166 Shares represented the Shares held by the spouse of Mr. Ai. By virtue of the SFO, Mr. Ai was deemed to be interested in those Shares.
- (6) These 4,500,000 Shares represented 4,500,000 share options granted to Mr. Lang pursuant to the share option scheme adopted and approved by the then shareholders on 22 September 2015. These 1,427,400 Shares represented the Shares held by the spouse of Mr. Lang. By virtue of the SFO, Mr. Lang was deemed to be interested in those Shares.
- (7) These 3,554,874 Shares represented the Shares beneficially owned by Ms. He.
- (8) These 210,000 Shares represented the Shares beneficially owned by Mr. Li.

(ii) Long positions in underlying Shares of the Company

Name of Director	Type of interests	Description of equity derivatives	Number of underlying Shares	Percentage of the issued share capital of the Company
N/A				

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions in Shares

Name of Shareholders	Capacity	Number of Shares interested in or deemed to be interested	Approximate percentage of interests in issue in the Company <i>(note 1)</i>
Ms. Jiang	Interest of spouse	553,599,800 <i>(Note 2)</i>	36.46%
	Interest of controlled corporation	226,124,966 <i>(Note 3)</i>	14.89%
	Beneficial owner	203,333 <i>(Note 3)</i>	0.01%

Name of Shareholders	Capacity	Number of Shares interested in or deemed to be interested	Approximate percentage of interests in issue in the Company (note 1)
DA Wolf (Note 5)	Beneficial owner	535,808,134 (Note 2)	35.29%
DL Global	Interest of controlled corporation	226,124,966 (Note 3)	14.89%
Rapid Rise	Beneficial owner	226,124,966 (Note 3)	14.89%
Mr. Li Ren	Beneficial owner	120,873,533 (Note 4)	7.96%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,518,326,350 Shares as at the Latest Practicable Date.
- (2) Please refer to note 2 to the sub-section headed "(i) Long positions in Shares" in this circular of the section headed "(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations" for details.
- (3) Please refer to note 3 to the sub-section headed "(i) Long positions in Shares" in this circular of the section headed "(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations" for details.
- (4) These 120,873,533 Shares represented the Shares beneficially owned by Mr. Li Ren.
- (5) Mr. Chen is a director of DA Wolf.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholder of the Company nor their respective close associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed pursuant to the Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, save for the Advisory Agreement (as amended and supplemented by the Supplemental Advisory Agreement, details of which are set out in this circular), none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors had confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its advice, which is contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps)

As at the Latest Practicable Date, the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinions, recommendations, letter of advice and all references to its name in the form and context in which it is included.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been, since the date to which the latest published audited consolidated financial statements of the Group were made up (i.e. 31 March 2024), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. METHOD OF VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to the proposed resolution at the EGM.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.dl-holdings.com/en/>) for not less than fourteen (14) days from the date of this circular:

- (a) the Advisory Agreement;
- (b) the Supplemental Advisory Agreement;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-11 of this circular; and
- (e) the written consent from the Independent Financial Adviser referred to in the paragraph headed “9. Expert and consent” of this appendix.

11. MISCELLANEOUS

- (a) Ms. CHIN Ying Ying is the company secretary of the Company (“**Ms. Chin**”). Ms. Chin is a member of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor and a Certified Environmental, Social and Governance Analyst (CESGA) of the European Federation of Financial Analysts Societies. She has more than 12 years experiences in accounting internal audit and corporate secretarial related matters.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands and the principal place of business of the Company in Hong Kong is Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (c) The principal share register of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.
- (d) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (e) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of DL Holdings Group Limited (the “Company”) will be held at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong on Friday, 13 September 2024 at 11:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 7 August 2024 (the “Circular”)):

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the Supplemental Advisory Agreement (as defined and described in the circular of the Company dated 7 August 2024 (the “Circular”), a copy of the Supplemental Advisory Agreement marked “A” together with a copy of the Circular marked “B” are produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to sign, execute, perform and deliver all such other instruments, deeds, documents and agreements and do such acts and things and take all steps as he/she or they may in his/her or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Supplemental Advisory Agreement and the transactions contemplated thereunder (including the Proposed Revised Annual Caps) and all matters incidental to, ancillary to or in connection with the matters contemplated therein”.

By Order of the Board
DL Holdings Group Limited
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 7 August 2024

NOTICE OF EGM

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111 Cayman Islands

Head office and principal place

of business in Hong Kong:
Unit 2902, Vertical Square
28 Heung Yip Road
Wong Chuk Hang, Hong Kong

Notes:

1. A form of proxy for use at the EGM or any adjournment thereof is enclosed. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the EGM (i.e. by 11:30 a.m. on Wednesday, 11 September 2024) or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
4. For the purpose of determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents together with the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Monday, 9 September 2024.
5. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. Pursuant to Rule 13.39(4) of the Listing Rules, all resolution at the EGM will be conducted by way of a poll.

NOTICE OF EGM

8. (a) Subject to paragraph (b) below, if a tropical cyclone warning signal no. 8 or above is hoisted or extreme conditions or a black rainstorm warning signal is in force at any time on the date of the EGM, the EGM will be postponed to the next Business Day on which no tropical cyclone warning signal no. 8 or above is hoisted or extreme conditions or a black rainstorm warning signal is in force in Hong Kong at any time between the hours from 8:30 a.m. to 11:30 a.m., and in such case the EGM shall be held at the same time and venue.
- (b) If a tropical cyclone warning signal no. 8 or above or extreme conditions or a black rainstorm warning signal is lowered or cancelled three hours before the time fixed for the holding of the EGM and where conditions permit, the EGM will be held as scheduled.
- (c) The EGM will be held as scheduled when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.
- (d) Shareholders should in any event exercise due care and caution when deciding to attend the EGM in adverse weather conditions.

As at the date of this notice, 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.