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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

(1) COMPLETION OF CONNECTED TRANSACTIONS IN RELATION TO THE SUBSCRIPTION AND (2) PROVISION OF THE DL GUARANTEE

Reference is made to the announcement of DL Holdings Group Limited (the “**Company**”) dated 17 July 2024 in relation to, among other things, the Subscription (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE SUBSCRIPTION

The Board is pleased to announce that all the conditions precedent set out in the Subscription Agreement have been fulfilled and Completion took place on 29 November 2024 in accordance with the terms and conditions of the Subscription Agreement. Upon Completion, the Target Company is indirectly owned as to 62.5% by the Company and has become an indirect non-wholly owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the accounts of the Group.

PROVISION OF THE DL GUARANTEE

As disclosed in the Announcement, to facilitate the then intended purchase of the Property by the Target Company, Mr. Chen (as the sole shareholder of the Target Company prior to Completion) obtained the Loan Facility from the Lender pursuant to the Facility Letter. In connection therewith, the Target Company has provided the Corporate Guarantee and Mortgage in favour of the Lender. The principal terms of the Facility Letter are set out as follows:

Date	:	22 September 2022
Parties	:	The Lender (as lender) Mr. Chen (as borrower) The Target Company (as guarantor and mortgagor)
Facility amount	:	JPY132,300,000
Interest rate	:	At 2.8% p.a. over one-month TIBOR (Tokyo Interbank Offered Rate) or over the cost of fund, whichever is higher
Tenure	:	144 months
Repayment	:	144 monthly payments
Security	:	(1) Corporate Guarantee executed by the Target Company; and (2) Legal charge over the Property

In 2022, the Loan Facility had been fully drawn by Mr. Chen and on-lent to the Target Company as the DLJP Shareholder's Loan to finance its then purchase of the Property.

Given the change in the shareholding structure of the Target Company upon Completion, the Company, Subscriber 2 and Subscriber 3 are required by the Lender to provide corporate guarantees in proportion to their respective beneficial interests in the Target Company.

Accordingly, on 29 November 2024 (after trading hours), the Company, Subscriber 2 and Subscriber 3 entered into a supplemental facility letter (the “**Supplemental Facility Letter**”) with the Lender to revise certain terms and conditions of the Facility Letter in relation to the Loan Facility, to provide additional security to the Lender in consideration of the Lender to continue to grant the Loan Facility to the Borrower, which had been on-lent to the Target Company as mentioned above. As a condition of the Supplemental Facility Letter, on 29 November 2024 (after trading hours), the Company entered into the Letter of Guarantee with the Lender in relation to the provision of the DL Guarantee.

The principal terms of the Supplemental Facility Letter are set out as follows:

Date : 29 November 2024 (after trading hours)

Parties : The Lender (as lender)

Mr. Chen (as borrower)

The Target Company (as existing guarantor and mortgagor)

The Company (as additional guarantor)

Subscriber 2 (as additional guarantor)

Subscriber 3 (as additional guarantor)

Security : (1) Corporate Guarantee executed by the Target Company;

(2) Legal charge over the Property;

(3) DL Guarantee executed by the Company for the guarantee amount of JPY82,687,500 (equivalent to approximately HK\$4,134,375);

- (4) Corporate guarantee executed by Subscriber 2 for the guarantee amount of JPY16,537,500 (equivalent to approximately HK\$826,875); and
- (5) Corporate guarantee executed by Subscriber 3 for the guarantee amount of JPY16,537,500 (equivalent to approximately HK\$826,875)

As at the date of this announcement, the outstanding amount of the principal (excluding interest accrued thereon) is JPY111,725,805 (equivalent to approximately HK\$5,586,290).

Save as amended and supplemented by the Supplemental Facility Letter, all other terms, conditions and provisions in the Facility Letter shall remain unchanged and shall continue to have full force and full legal effect.

The principal terms of the Letter of Guarantee in relation to the DL Guarantee are set out as follows:

- Date : 29 November 2024 (after trading hours)
- Parties : The Lender (as lender)
The Company (as additional guarantor)
- Subject matter : The Company has irrevocably and unconditionally agreed to, subject to the terms and conditions therein, provide the DL Guarantee of an aggregate maximum principal amount of JPY82,687,500 (equivalent to approximately HK\$4,134,375) in connection with the Loan Facility
- Term : The Letter of Guarantee shall continue until the full payment of all the liabilities under the Supplemental Facility Letter

REASONS FOR AND BENEFIT OF PROVISION OF THE DL GUARANTEE

As set out in the Announcement, upon its incorporation and immediately before Completion, the Target Company was wholly owned by Mr. Chen. To facilitate the then intended purchase of the Property by the Target Company, Mr. Chen (as the then sole shareholder of the Target Company prior to Completion) obtained the Loan Facility pursuant to the Facility Letter. The Loan Facility had been fully drawn by Mr. Chen and on-lent to the Target Company as the DLJP Shareholder's Loan to finance its purchase of the Property.

Given the change in the shareholding structure of the Target Company upon Completion, pursuant to the requirements of the Lender, the Company, Subscriber 2 and Subscriber 3 entered into the Supplemental Facility Letter and the letters of guarantee respectively with the Lender to, among other things, provide corporate guarantees with maximum guarantee amounts in proportion to their respective beneficial interests in the Target Company. The provision of the DL Guarantee by the Company is therefore one of the requirements of the Lender in granting its consent regarding the change in shareholding structure of the Target Company in respect of the Subscription to facilitate the continuance of the Loan Facility under the Facility Letter provided to Mr. Chen by the Lender to support the onward provision of the DLJP Shareholder's Loan by Mr. Chen to the Target Company which had been utilised by the Target Company for the purchase of the Property.

Taking into consideration the aforesaid factors, the Directors (including the independent non-executive Directors but excluding Mr. Chen who had abstained from voting) are of the view that (1) the provision of the DL Guarantee could facilitate Completion and is in line with the Group's strategy in exploring global real estate investment opportunities; and (2) the terms of the Facility Letter (as amended and supplemented by the Supplemental Facility Letter), the Letter of Guarantee and the transactions contemplated thereunder, which were determined after arm's length negotiations among the parties thereto, are on normal commercial terms and in the normal course of business of the Group from the perspective of property investment, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information of the Lender

The Lender is a licensed money lender in Hong Kong and a wholly owned subsidiary of ORIX Corporation, a listed company on the Tokyo Stock Exchange (securities no. 8591) and the New York Stock Exchange (trading symbol: IX). The Lender offers a variety of services including consumer lending, mortgage finance, property mortgage loan, vessel finance, professional finance, commercial lending, fintech solutions, as well as accounts receivable finance.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lender and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

Information of Mr. Chen

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

Information of the Target Company, the Company, Subscriber 2 and Subscriber 3

For information of the Target Company, the Company, Subscriber 2 and Subscriber 3, please refer to the section headed "General Information of the Parties" in the Announcement.

Upon Completion, the Target Company is indirectly owned as to 62.5% by the Company and has become an indirect non-wholly owned subsidiary of the Company. Each of Subscriber 2 and Subscriber 3 has become a connected person of the Company at the subsidiary level by virtue of each holding 12.5% of the total issued share capital of the Target Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Chen is the chairman of the Board, an executive Director, the chief executive officer of the Company and a controlling shareholder of the Company. Mr. Chen is therefore a connected person of the Company. As such, the provision of the DL Guarantee as requested by the Lender under the Supplemental Facility Letter constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the DL Guarantee exceed 0.1% but are less than 5%, the provision of the DL Guarantee is therefore subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Mr. Chen is considered to have material interests in the Facility Letter (as amended and supplemented by the Supplemental Facility Letter), the Letter of Guarantee and the transactions contemplated thereunder and had abstained from voting on the Board's resolutions approving the Facility Letter (as amended and supplemented by the Supplemental Facility Letter), the Letter of Guarantee and the transactions contemplated thereunder. Save for Mr. Chen, none of the Directors have any material interest in the Facility Letter (as amended and supplemented by the Supplemental Facility Letter), the Letter of Guarantee and the transactions contemplated thereunder or are required to abstain from voting on the Board's resolutions approving the Facility Letter (as amended and supplemented by the Supplemental Facility Letter), the Letter of Guarantee and the transactions contemplated thereunder.

By order of the Board
DL Holdings Group Limited
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 November 2024

As at the date of this announcement, the executive Directors are Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying; the non-executive Directors are Mr. Chan Kwan, Mr. Chan Kwun Wah Derek and Mr. Wang Yiding; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Mr. Li Xiaoxiao.

For the purpose of this announcement and for the purpose of illustration only, JPY amounts have been translated using the rate of JPY1.00 = HK\$0.05. Such translation should not be construed as a representation that the JPY amounts in question have been, could have been or could be converted to HK\$ at such rate or at all.