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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(formerly known as Season Pacific Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE SUBSCRIPTION OF MEMBERSHIP INTEREST IN
CARMEL RESERVE LLC**

THE SUBSCRIPTION

Reference is made to the announcement of the Company date 11 June 2020 in relation to the MOU. The Board is pleased to announce that on 21 August 2020 (after trading hours of the Stock Exchange), the Subscriber, a wholly-owned subsidiary of the Company, and the Target Company entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to issue and allot to the Subscriber, and Subscriber has conditionally agreed to subscribe for, 27.06% Class B Membership Interest of the Target Company as enlarged by the Subscription at the consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000), which represents a post-money enterprise value of the Target Company of approximately US\$35,000,000 (equivalent to approximately HK\$273,000,000).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Class B Membership Interest of the Target Company is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC, respectively, which together wholly own DLC Capital GP Limited. The Class A Membership Interest of the Target Company is owned as to 100% by DLC CR LLC of which DLC Capital GP Limited is holding 100% of the voting Class A interest of DLC CR LLC while DLC Capital Partners I, L.P. is holding 100% of the non-voting Class B interest of DLC CR LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings are ultimately controlled by Ms. Jiang Xinrong, the Chairman and executive Director and Mr. Chen Ningdi, the executive Director. By virtue of the above, the Target Company is a connected person of the Company. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, 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 Ms. Luk Huen Ling Claire, has been established to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the Subscription is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement. The Independent Board Committee will form its view in respect of the terms of the Subscription after obtaining and considering the advice from the independent financial adviser.

An independent financial adviser will be appointed to advise the Independent Board Committee on the Subscription. The appointment of the independent financial adviser will be subject to the approval by the Independent Board Committee.

EGM

The EGM will be convened for the Shareholders to consider, and if thought fit, approve, among other matters, the Subscription. Ms. Jiang Xinrong (being the Chairman of the Board and an executive Director) and Mr. Chen Ningdi (being the chief executive officer and an executive Director) had abstained from voting on the Board's resolutions approving the Subscription Agreement and the transactions contemplated thereunder in light of their material interests in the Subscription. Ms. Jiang Xinrong, Mr. Chen Ningdi, DA Wolf Investments I Limited (a company wholly owned by Mr. Chen Ningdi and interested in 443,722,395 Shares) and Rapid Raise Investments Limited (a company owned as to approximately 30% by Mr. Chen Ningdi and approximately 36.6% by Ms. Jiang Xinrong and interested in 222,418,000 Shares) will also be abstained from voting on the resolutions approving the Subscription Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no other Shareholder has a material interest in the Subscription and no other Shareholder is required to abstain from voting at the EGM to approve the resolution(s) in respect of the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Subscription; (ii) the recommendation of the Independent Board Committee on the Subscription; (iii) the advice of the independent financial adviser to the Independent Shareholders and Independent Board Committee in respect of the Subscription; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM, will be despatched to the Shareholders on or before 30 September 2020 as additional time is required to prepare and finalise the relevant information to be included in the circular.

Shareholders and potential investors should note that First Tranche Completion and Second Tranche Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions contained under the Subscription Agreement, therefore the Subscription Agreement may or may not proceed. Accordingly, the Subscription may or may not materialise and Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcement of the Company date 11 June 2020 in relation to the MOU. The Board is pleased to announce that on 21 August 2020 (after trading hours of the Stock Exchange), the Subscriber, a wholly-owned subsidiary of the Company, and the Target Company entered into the Subscription Agreement, pursuant to which the Target Company has conditionally agreed to issue and allot to the Subscriber, and Subscriber has conditionally agreed to subscribe for, 27.06% Class B Membership Interest of Target Company as enlarged by the Subscription at the consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000), which represents a post-money enterprise value of the Target Company of approximately US\$35,000,000 (equivalent to approximately HK\$273,000,000).

THE SUBSCRIPTION AGREEMENT

Date: 21 August 2020

Parties: (i) the Subscriber; and
(ii) the Target Company

As at the date of this announcement, the Class B Membership Interest of the Target Company is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC, respectively, which together wholly own DLC Capital GP Limited. The Class A Membership Interest of the Target Company is owned as to 100% by DLC CR LLC of which DLC Capital GP Limited is holding 100% of the voting Class A interest of DLC CR LLC while DLC Capital Partners I, L.P. is holding 100% of the non-voting Class B interest of DLC CR LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings are ultimately controlled by Ms. Jiang Xinrong, the Chairman and executive Director and Mr. Chen Ningdi, the executive Director. As such, the Target Company is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Subscription of Membership Interest

Subject to fulfilment of the conditions of the Subscription and the terms set out in the Subscription Agreement, the Target Company shall issue and allot to the Subscriber, and the Subscriber shall subscribe for, the Subscription Interest free from all encumbrances, representing an aggregate of 27.06% of the Class B Membership Interest of the Target Company as enlarged by the Subscription in two tranches as follow:

(a) First Tranche Subscription:

subject to the terms and conditions of the Subscription Agreement, the Target Company shall issue and allot to the Subscriber, and the Subscriber shall subscribe for, the First Tranche Subscription Interest free from all encumbrances, representing 10.01% of the Class B Membership Interest of the Target Company as enlarged by the First Tranche Subscription;

(b) Second Tranche Subscription:

subject to the terms and conditions of the Subscription Agreement, the Target Company shall issue and allot to the Subscriber, and the Subscriber shall subscribe for, the Second Tranche Subscription Interest free from all encumbrances, representing 18.94% of the Class B Membership Interest of the Target Company as enlarged by the Second Tranche Subscription.

Consideration

The consideration for the subscription of the Subscription Interest shall be the sum of US\$5,000,000 (equivalent to approximately HK\$39,000,000), which shall be settled by the Subscriber in the following manner:

(a) **First Tranche Consideration:**

The consideration for the subscription of the First Tranche Subscription Interest of US\$1,500,000 (equivalent to approximately HK\$11,700,000) shall be paid in cash at First Tranche Completion by the Subscriber to the Target Company by wire transfer to the bank account designated by the Target Company; and

(b) **Second Tranche Consideration:**

The consideration for the subscription of the Second Tranche Subscription Interest of US\$3,500,000 (equivalent to approximately HK\$27,300,000) shall be settled at Second Tranche Completion by way of issue of the Promissory Note bearing no interests and repayable on the date falling one (1) year after the date of issue by the Subscriber to the Target Company.

The First Tranche Consideration will be financed by internal resources of the Group and/or external financing.

Basis of consideration

The consideration of the Subscription represents a post-money enterprise value of the Target Company of approximately US\$35,000,000 (equivalent to approximately HK\$273,000,000). The consideration was determined after arm's length negotiations between the Target Company and the Company after taking into consideration by the Company of various factors, among other things, (i) the factors stated in the section headed "Reasons for and Benefits of the Subscription" set out below; (ii) the current financial position of the Group; and (iii) the preliminary pre-money valuation on the enterprise value of the Target Company as at 30 June 2020 as appraised by the Independent Valuer by using asset-based approach of no less than approximately US\$30,000,000 (equivalent to approximately HK\$234,000,000).

Conditions Precedent of the Subscription Agreement

First Tranche Completion of the Subscription is subject to the fulfilment or waiver (as the case may be) of the following First Tranche Conditions Precedent:

- (i) the Target Company having complied with all necessary statutory governmental and regulatory obligations and obtained all necessary consents, approvals and permits in respect of the Subscription Agreement and the Subscription;
- (ii) each of the Subscriber and the Company having obtained all necessary consents, approvals and permits in respect of the Subscription Agreement and the Subscription;
- (iii) the passing of all resolutions by the Shareholders of the Company (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Subscription Agreement by the Subscriber and

the performance of the transactions contemplated thereunder including, without limitations, the Subscription, in accordance with the relevant provisions in the Listing Rules, the articles of association of the Company and the applicable laws and regulations in Hong Kong;

- (iv) the Subscriber notifying the Target Company in writing that it is reasonably satisfied with a due diligence review and investigation on the Target Company including without limitation to its assets, liabilities, contracts, commitments, business, financial, legal and taxation aspects (including the title of the Property);
- (v) the Subscriber having received a title report of the Property with an effective date of no more than 30 days before the date of the First Tranche Completion, which states that the Target Company is the sole legal and beneficial owner of the Property with no additional encumbrances from the date of the Title Report and having good title thereof; and
- (vi) the Subscriber having received a valuation report issued by an independent qualified valuer (as defined under Rule 5.08 of the Listing Rules) to be appointed by the Subscriber and shall be in such form and substance acceptable to the Subscriber for the value of the Property, showing that the fair enterprise value of the Target Company on pre-money basis as at the Valuation Date is not less than US\$30,000,000.

The Subscriber and the Target Company shall use their reasonable endeavours to procure that all First Tranche Conditions Precedent above are satisfied on or before the First Long Stop Date. Pursuant to the Subscription Agreement, the Subscriber may waive all or part of the conditions (iv), (v) and (vi) set out above in whole or in part (and whether conditionally or unconditionally) at any time by written notice to the Target Company. If the above First Tranche Conditions Precedent have not been fulfilled or waived (if applicable) before the First Long Stop Date (or such other date as the Subscriber and the Target Company may agree in writing), the Subscription Agreement (other than the clauses in relation to confidentiality, notices, costs and expenses, process agent, governing law and third party rights) shall lapse and become null and void and the parties shall be released from all obligations thereunder save for liabilities for any antecedent breaches thereof.

As at the date of this announcement, the Subscriber has no present intention to waive any of the First Tranche Conditions Precedent and will only exercise its right to waive such conditions if it is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Second Tranche Completion of the Subscription is subject to the fulfilment or waiver (as the case may be) of the following Second Tranche Conditions Precedent:

- (i) the completion of the First Tranche Subscription having taken place; and;
- (ii) the Target Company having obtained the Phase 1 Final Map Approval.

The Subscriber and the Target Company shall use their reasonable endeavours to procure that all Second Tranche Conditions Precedent above are satisfied on or before the Second Long Stop Date. None of the Second Tranche Conditions Precedent above may be waived by either the Subscriber or the Target Company.

If the Second Tranche Conditions Precedent are not fulfilled before the Second Long Stop Date (or such other date as the Subscriber and the Target Company may agree in writing), the Second Tranche Subscription shall lapse and the Subscriber and the Target Company shall be released from all obligations thereunder in relation to the Second Tranche Subscription save for liabilities for any antecedent breaches thereof.

Completion of the Subscription Agreement

Each of First Tranche Completion and Second Tranche Completion shall take place on the First Tranche Completion Date and the Second Tranche Completion Date, respectively.

At First Tranche Completion of the Subscription, the Subscriber shall enter into the Operating Agreement in such form and substance satisfactory to the Subscriber and duly executed by all the members of the Target Company. At Second Tranche Completion, the Subscriber shall enter into the Supplemental Operating Agreement in such form and substance satisfactory to the Subscriber and duly executed by all the members of the Target Company.

The Operating Agreement and the Supplemental Operating Agreement

Upon the First Tranche Completion and Second Tranche Completion, the Subscriber, the other members of the Target Company and the Target Company shall enter into the Operating Agreement and the Supplemental Operating Agreement respectively. The entering into the Supplemental Operating Agreement is mainly to reflect the percentage of Class B Membership Interests of the Subscriber upon Second Tranche Completion.

Pursuant to the Operating Agreement, among other things, the Class A member shall be solely responsible for the management and other decision-making relating to the business and affairs of the Target Company while the Class B members shall not participate in the management and other decision-making relating to the business and affairs of the Target Company. Notwithstanding the foregoing, the Class A member shall not, by voluntary or involuntary actions, avoid or seek to avoid the observance or performance of any of the rights or privileges of the Class B members under the Operating Agreement. The Subscriber shall be admitted to the Target Company as a Class B member, and be bound by the terms of the Operating Agreement applicable to members of Class B Membership Interests. Furthermore, the Subscriber will (i) be entitled to receive any and all amounts distributable by the Target Company in proportion to its Class B Membership Interests in the Target Company; (ii) be permitted to visit and inspect the Target Company's properties, to examine its books of account and records and to discuss the Target Company's affairs, finances and accounts with its officers; and (iii) receive the audited annual financial statements and unaudited interim financial statements of the Target Company within the prescribed period of time after the end of each financial year and half-year. The Operating Agreement also sets out provisions in relation to the transfer of Membership Interests by members of the Target Company and issue of new Membership Interests by the Target Company, including rights of first offer, rights of first refusal and rights of co-sale.

INFORMATION ON THE TARGET COMPANY AND THE PROJECT

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

As at the date of this announcement, the Class B Membership Interest of the Target Company is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC, respectively, which together wholly own DLC Capital GP Limited. The Class A Membership Interest of the Target Company is owned as to 100% by DLC CR LLC of which DLC Capital GP Limited is holding 100% of the voting Class A interest of DLC CR LLC while DLC Capital Partners I, L.P. is holding 100% of the non-voting Class B interest of DLC CR LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings are ultimately controlled by Ms. Jiang Xinrong, the Chairman and executive Director and Mr. Chen Ningdi, the executive Director.

The table below sets out certain unaudited financial information of the Target Company for the two years ended 31 December 2019 which is prepared based on the management accounts provided by the Target Company:

	For the year ended 31 December	
	2018	2019
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
	(unaudited)	(unaudited)
Turnover	—	—
Loss before tax	70.14	2,904.82
Loss after tax	70.14	2,904.82

The unaudited total assets and net assets of the Target Company as at 31 December 2019 were approximately US\$19.54 million and US\$0.80 million respectively.

Information of the Project

The Project, named “ONE Carmel”, is a 891 acre (approximately 3.6 square kilometer) property in Carmel Valley of Monterey County in California, the US, developable into an ultra-luxury residential community of 73 lots with an average land area of 4.38 acres (approximately 17,725 square meter). Carmel Valley is located at the South of San Francisco Bay Area and on the shores of the Pacific Ocean in Monterey County, California. The Project is situated between the San Francisco Bay Area and Los Angeles, the two foremost economic and innovation centers of the US. It is expected that the Project will be the last large-scale residential development project in Carmel Valley.

INFORMATION OF THE COMPANY AND THE SUBSCRIBER

The Group is principally engaged in (i) sales of apparel products with the provision of supply chain management total solutions to customers; and (ii) provision of financial services of licensed businesses including financial advisory services, securities research, referral and brokerage services, and margin financing services.

The Subscriber is a limited liability company formed under the laws of the State of Delaware and a wholly owned subsidiary of the Company.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

As disclosed in the annual report of the Group for the year ended 31 March 2020, the Group considered to the business environment remain challenging in year 2020 due to the COVID-19 outbreak, global economic uncertainty and international conflict. However, the Group is expected that there are opportunities to come along with the risks. The temporary downturn of global economy may create more investment, financing and marketing activities across the globe in anticipation of gradual recovery. Therefore, the Group continues to identify business partners and other investment opportunities in respect of the financial services business to expand its investment portfolio and valuable assets, with an aim to drive sustainable growth of the Group. The Board considers that the Subscription, if materialises, represents an attractive investment opportunity to the Group through the return generated by the residential project held by the Target Company. Moreover, the Group is actively expanding its investment portfolio in order to strengthen its brand recognition and market exposure, as well as to produce additional income streams to diversify risks and to increase Shareholders' return. In light of the above, the Directors (other than members of the Independent Board Committee, who will express their opinion after having considered the recommendation from the independent financial adviser) consider that (i) the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable to the Group; and (ii) the entering into the Subscription Agreement is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Class B Membership Interest of the Target Company is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC, respectively, which together wholly own DLC Capital GP Limited. The Class A Membership Interest of the Target Company is owned as to 100% by DLC CR LLC of which DLC Capital GP Limited is holding 100% of the voting Class A interest of DLC CR LLC while DLC Capital Partners I, L.P. is holding 100% of the non-voting Class B interest of DLC CR LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings are ultimately controlled by Ms. Jiang Xinrong, the Chairman and executive Director and Mr. Chen Ningdi, the executive Director. By virtue of the above, the Target Company is a connected person of the Company. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, 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 Ms. Luk Huen Ling Claire, has been established to consider the terms of the Subscription Agreement and the transactions contemplated

thereunder, and to advise the Independent Shareholders as to whether the Subscription is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement. The Independent Board Committee will form its view in respect of the terms of the Subscription after obtaining and considering the advice from the independent financial adviser.

An independent financial adviser will be appointed to advise the Independent Board Committee on the Subscription. The appointment of the independent financial adviser will be subject to the approval by the Independent Board Committee.

EGM

The EGM will be convened for the Shareholders to consider, and if thought fit, approve, among other matters, the Subscription. Ms. Jiang Xinrong (being the Chairman of the Board and an executive Director) and Mr. Chen Ningdi (being the chief executive officer and an executive) had abstained from voting on the Board's resolutions approving the Subscription Agreement and the transactions contemplated thereunder in light of their material interests in the Subscription. Ms. Jiang Xinrong, Mr. Chen Ningdi, DA Wolf Investments I Limited (a company wholly owned by Mr. Chen Ningdi and interested in 443,722,395 Shares) and Rapid Raise Investments Limited (a company owned as to approximately 30% by Mr. Chen Ningdi and approximately 36.6% by Ms. Jiang Xinrong and interested in 222,418,000 Shares) will also be abstained from voting on the resolutions approving the Subscription Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no other Shareholder has a material interest in the Subscription and no other Shareholder is required to abstain from voting at the EGM to approve the resolution(s) in respect of the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Subscription; (ii) the recommendation of the Independent Board Committee on the Subscription; (iii) the advice of the independent financial adviser to the Independent Shareholders and Independent Board Committee in respect of the Subscription; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM, will be despatched to the Shareholders on or before 30 September 2020 as additional time is required to prepare and finalise the relevant information to be included in the circular.

Shareholders and potential investors should note that First Tranche Completion and Second Tranche Completion is subject to the fulfillment or waiver (as the case may be) of the relevant conditions contained under the Subscription Agreement, therefore the Subscription Agreement may or may not proceed. Accordingly, the Subscription may or may not materialise and Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITION

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

“Board”	the board of Directors
“Business Day”	a day (other than Saturdays, Sundays and public holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or in effect between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for business
“Class A Membership Interest”	interest in the Company as a class A member of the Company
“Class B Membership Interest”	interest in the Company as a class B member of the Company
“Company”	DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder
“First Tranche Completion”	completion of the subscription of the First Tranche Subscription Interest in accordance with the terms and conditions of the Subscription Agreement
“First Tranche Completion Date”	the date on which the First Tranche Completion takes place, being the second Business Day immediately after the date on which the First Tranche Conditions Precedent are satisfied and/or waived or such other date as the Subscriber and the Target Company may agree in writing
“First Long Stop Date”	31 December 2020
“First Tranche Conditions Precedent”	the conditions precedent to the First Tranche Completion of the Subscription Agreement

“First Tranche Subscription”	the subscription by the Subscriber for, and the issue and allotment by the Target Company, of the First Tranche Subscription Interest, on the terms and conditions of the Subscription Agreement
“First Tranche Subscription Interest”	the Class B Membership Interest to be subscribed by the Subscriber subject to the terms of the Subscription Agreement, which represents 10.01% of the Class B Membership Interest in the Target Company as enlarged by the First Tranche Subscription;
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Company comprising of all the independent non-executive Directors formed for advising the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than those required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM, to approve the Subscription Agreement and the transactions contemplated thereunder
“Independent Valuer”	Vincorn Consulting and Appraisal Limited, an independent professional qualified valuer appointed by the Company for the purpose of preparing a valuation report on the Enterprise Value of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Membership Interest”	Class A Membership Interest and Class B Membership Interest
“MOU”	the non-legally binding memorandum of understanding dated 11 June 2020 entered into between the Company and the Target Company
“Operating Agreement”	the amended and restated limited liability company agreement of the Target Company to be entered into between all members of the Target Company on upon First Tranche Completion
“Phase 1 Final Map Approval”	recording of the phase 1 final map at the Monterey County

“Project”	the project to develop “ONE Carmel”, an ultra-luxury residential project located in Carmel Valley of Monterey County in California, the US
“Promissory Note”	the interest-free promissory note in the aggregate principal amount of US\$3,500,000 to be issued by the Subscriber to the Target Company to satisfy part of the consideration pursuant to the terms and conditions in the Subscription Agreement
“Property”	the real property located in the County of Monterey, State of California consisting of approximately 891 acres (APNs 015-171-010-000, 015-171-012-000, 015-361-013-000 and 015-361-014-000) located on Carmel Valley Road, Carmel Valley, California, the United States
“Second Tranche Completion”	completion of the subscription of the Second Tranche Subscription Interest in accordance with the terms and conditions of the Subscription Agreement
“Second Tranche Completion Date”	the date on which the Second Tranche Completion takes place, being the second Business Day immediately after the date on which the Second Tranche Conditions Precedent are satisfied and/or waived or such other date as the Subscriber and the Target Company may agree in writing
“Second Long Stop Date”	30 June 2021
“Second Tranche Conditions Precedent”	the conditions precedent to the Second Tranche Completion of the Subscription Agreement
“Second Tranche Subscription”	the subscription by the Subscriber for, and the issue and allotment by the Target Company, of the Second Tranche Subscription Interest, on the terms and conditions of the Subscription Agreement
“Second Tranche Subscription Interest”	the Class B Membership Interest to be subscribed by the Subscriber subject to the terms of the Subscription Agreement, which represents 18.94% of the Class B Membership Interest in the Target Company as enlarged by the Second Tranche Subscription;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	DL Investment Holdings US, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company
“Subscription”	the First Tranche Subscription and the Second Tranche Subscription
“Subscription Agreement”	the subscription agreement dated 21 August 2020 entered into between the Subscriber and the Target Company
“Subscription Interest”	the First Tranche Subscription Interest and the Second Tranche Subscription Interest, which represents an aggregate of the 27.06% of the Class B Membership Interest in the Target Company as enlarged by the Subscription
“Supplemental Operating Agreement”	the supplemental agreement to the amended and restated limited liability company agreement of the Target Company to be entered into between all members of the Target Company upon Second Tranche Completion;
“Target Company”	Carmel Reserve LLC, a company with limited liability incorporated in the State of Delaware and owned as to 100% by DLC Capital Partners I, L.P. as at the date of this announcement
“Title Report”	the title report in respect of the Property issued by Chicago Title Company with effective date on 30 July 2020
“US”	United States of America
“US\$”	United States dollar, the lawful currency of the United States of America
“Valuation Date”	the effective date of the valuation report adopted in the valuation report to be issued by the Independent Valuer
“%”	per cent.

By Order of the Board
DL Holdings Group Limited
Chen Ningdi
Executive Director

Hong Kong, 21 August 2020

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

As at the date of this announcement, the executive Directors are Ms. Jiang Xinrong and Mr. Chen Ningdi, the non-executive Directors are Mr. Chan Kwun Wah Derek and Mr. Li Ren; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Ms. Luk Huen Ling Claire.