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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

DISCLOSEABLE TRANSACTION ACQUISITION OF LISTED SECURITIES

THE ACQUISITION

The Board is pleased to announce that, on 9 September 2020, the Fund, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, the Fund agreed to purchase and the Vendor agreed to sell the 7,710,333 Target Shares, representing approximately 1.13% of the issued share capital of the Target Company as at the date of this announcement, for a total consideration of HK\$68,621,963.70, representing HK\$8.90 per Target Share. The Acquisition was completed on the date of the Sale and Purchase Agreement.

Upon completion of the Acquisition, the 7,710,333 Target Shares will be accounted for as financial assets at fair value through profit or loss in the consolidated financial statements of the Group.

Taking into account the Previous Acquisition, upon completion of the Acquisition, the Fund shall be the holder of 8,160,333 Target Shares, representing approximately 1.19% of the issued share capital of the Target Company as at the date of this announcement.

THE PREVIOUS ACQUISITION

During the period from 22 June 2020 to 6 August 2020, the Fund conducted a series of on-market transactions on the Stock Exchange and as at the date of this announcement before the completion of the Acquisition, the Fund is the holder of an aggregate of 450,000 Target Shares for an aggregate consideration of HK\$3,870,214.00 (exclusive of stamp duty, trading fees, transaction levies and brokerage).

LISTING RULES IMPLICATIONS

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

One or more of the applicable ratios (as defined in the Listing Rules) in relation to the Previous Acquisition and the Acquisition, on aggregate basis, are higher than 5% but less than 25%. As such, the Acquisition, as aggregated with the Previous Acquisition, constitutes a discloseable transaction for the Company and is subject to the announcement and notification requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 9 September 2020, the Fund, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, the Fund agreed to purchase and the Vendor agreed to sell the 7,710,333 Target Shares. Principal terms of the Sale and Purchase Agreement are set forth below:

THE SALE AND PURCHASE AGREEMENT

Date

9 September 2020

Parties

- (1) the Vendor as vendor; and
- (2) the Fund as purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Purchaser shall purchase and the Vendor shall sell 7,710,333 Target Shares, representing approximately 1.13% of the issued share capital of the Target Company as at the date of this announcement, free from encumbrances together with all rights, title, interests attached, accrued or accruing thereto.

Consideration

The Consideration for the Acquisition shall be HK\$68,621,963.70, representing HK\$8.90 per Target Share and a discount of approximately 1.77% from the closing price of HK\$9.06 per Target Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement. The Consideration will be and payable in cash by the Fund to the Vendor on the completion date.

Basis of determining the Consideration

The Consideration for the Acquisition was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into account of (i) the average closing price per Target Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Sale and Purchase Agreement; (ii) the audited net asset value per Target Share as at 31 December 2019; and (iii) future prospect of the Target Company.

The Company intends to fund the Consideration of the Acquisition by (i) internal resources; and (ii) net proceeds from the subscription of new shares under general mandate which was completed on 31 July 2020.

Completion

The sale and purchase of the Target Shares is not subject to any condition precedent. The completion date of the Acquisition shall not be later than 31 October 2020 unless otherwise agreed by the Vendor and the Fund. The Acquisition was completed on the date of the Sale and Purchase Agreement. Upon completion of the Acquisition, the 7,710,333 Target Shares will be accounted for as financial assets at fair value through profit or loss in the consolidated financial statements of the Group and the Consideration will be recorded as the initial fair value of the 7,710,333 Target Shares.

Termination

If the Acquisition is not completed before 31 October 2020, the Vendor shall be entitled to terminate the Sale and Purchase Agreement with immediate effect by giving notice to the Fund or the Target Company.

PREVIOUS ACQUISITION

During the period from 22 June 2020 to 6 August 2020, the Fund conducted a series of on-market transactions on the Stock Exchange and as at the date of this announcement, before the completion of the Acquisitions, the Fund is the holder of an aggregate of 450,000 Target Shares for an aggregate consideration of HK\$3,870,214.00 (exclusive of stamp duty, trading fees, transaction levies and brokerage).

The 450,000 Target Shares have been accounted for as financial assets at fair value through profit or loss in the consolidated financial statements of the Group and the Previous Acquisition was financed by the Group using internal resources.

Taking into account the Previous Acquisition, upon completion of the Acquisition, the Fund shall be the holder of 8,160,333 Target Shares, representing approximately 1.19% of the issued share capital of the Target Company as at the date of this announcement.

INFORMATION ABOUT THE VENDOR AND THE TARGET COMPANY

The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability and is a subsidiary of Fosun International Limited, a company incorporated in Hong Kong whose shares are listed in the Stock Exchange (Stock Code:

656). Fosun International Limited is an innovation-driven consumer group with its principal businesses in Health, Happiness and Wealth, providing high-quality products and services for families around the world. The Health business includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products; the Happiness business includes three major parts: Tourism & Leisure, Fashion and Consumer & Lifestyle while the Wealth business includes three major segments: Insurance, Finance and Investment.

The Target Company is a company incorporated under the law of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3709). The Target Company and its subsidiaries are principally engaged in the design, promotion, marketing and sale of the self-owned branded ladies-wear in the PRC.

Set out below are the financial information of the Target Company as extracted from the annual report of the Target Company for the year ended 31 December 2019:

	For the year ended	
	31 December	
	2019	2018
	(audited)	(audited)
	<i>Approximate</i>	<i>Approximate</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,148,421	2,520,906
Profit before taxation	489,260	315,739
Profit after taxation	393,921	272,314
	As at 31 December	
	2019	2018
	(audited)	(audited)
	<i>Approximate</i>	<i>Approximate</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	3,176,503	1,239,111

REASONS FOR AND BENEFITS FOR THE ACQUISITION

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.

As at the date of this announcement, the Fund has set up the Segregated Portfolio with expected fund size of HK\$120 million. The investment objective of the Segregated Portfolio is to generate returns for its participating shareholders by investing in publicly-listed stocks of the companies listed on the Stock Exchange, and/or publicly-listed stocks of the companies listed on Shanghai Stock Exchange through Shanghai Connect and/or publicly-listed stocks of the companies listed on Shenzhen Stock Exchange through Shenzhen Connect. In selecting the portfolio companies of the Segregated Portfolio, the Segregated

Portfolio shall invest in companies which satisfy the investment criteria of the Segregated Portfolio after taking into account the advice from the investment advisors of the Segregated Portfolio.

Having considered (i) the financial performance of the Target Company; (ii) the Target Company satisfying the investment criteria of the Segregated Portfolio; and (iii) the low interest rate environment in Hong Kong, the Company considered that the Acquisition presented a good opportunity for the Fund to utilize its available capital for to generate returns in fulfilling its investment objective.

As the Consideration of the Acquisition represents a discount of approximately 1.77% from the closing price of HK\$9.06 per Target Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

One or more of the applicable ratios (as defined in the Listing Rules) in relation to the Previous Acquisition and the Acquisition, on aggregate basis, are higher than 5% but less than 25%. As such, the Acquisition, as aggregated with the Previous Acquisition, constitutes a discloseable transaction for the Company and are subject to the announcement and notification requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Acquisition”	the acquisition of the 7,710,333 Target Shares by the Fund pursuant to the terms of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	DL Holdings Group Limited, a company incorporated under the law of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Acquisition
“Directors”	the directors of the Company

“Fund”	a Cayman private fund established by the Group, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Acquisition”	the acquisition of an aggregate of 450,000 Target Shares for an aggregate consideration of HK\$3,870,214.00 (exclusive of stamp duty, trading fees, transaction levies and brokerage) in a series of on-market transactions conducted on the Stock Exchange during the period from 22 June 2020 to 6 August 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Fund in relation to the Acquisition
“Segregated Portfolio”	a segregated portfolio set up by the Fund
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	EEKA Fashion Holdings Limited, a company incorporated under the law of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3709)
“Target Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Target Company

“Vendor” Fosun Ruizhe Grace Investments Limited, a company incorporated in the British Virgin Islands with limited liability

“%” per cent

By Order of the Board
DL Holdings Group Limited
Jiang Xinrong
Chairman & Executive Director

Hong Kong, 9 September 2020

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.