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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)**

### **INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED SUBSCRIPTION**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

#### **THE MOU**

The Board wishes to announce that on 11 June 2020 (after trading hours of the Stock Exchange), the Company entered into a non-legally binding MOU with the Target Company. Pursuant to the MOU, the Company intends to subscribe and the Target Company intends to issue and allot not more than 28.5% of the issued share capital in the Target Company (the “**Proposed Subscription**”) as enlarged by the Proposed Subscription.

#### **Principal terms of the MOU**

Date: 11 June 2020

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

#### **The Proposed Subscription**

The Company intends to subscribe from the Target Company and the Target Company intends to issue and allot to the Company shares in the Target Company representing not more than 28.5% of the issued share capital in the Target Company as enlarged by the Proposed Subscription.

## **Consideration for the Proposed Subscription**

The preliminary post-money valuation on the enterprise value of the Target Company is US\$35,000,000. The consideration for the Proposed Subscription is expected to be US\$5,000,000 (the “**Consideration**”), which shall be subject to further negotiations between the Company and the Target Company and be determined by reference to the final valuation report.

The Consideration is expected to be satisfied by a combination of cash and the issuance of promissory note(s) by the Company.

## **Subscription Agreement**

Subject to the Company’s satisfaction with the due diligence review conducted against the Target Company, the Company and the Target Company shall negotiate in good faith with one another for entering into a subscription agreement (the “**Subscription Agreement**”) not later than 10 September 2020 (or such later date as the Company and the Target Company may agree) (the “**Expiry Date**”).

## **Due diligence**

The Company will conduct a due diligence review on the assets, liabilities, operations, legal and other affairs of the Target Company as it may consider appropriate and the Target Company will provide such assistance as the Company may require in connection with such review.

## **Legal effect**

Save for certain provisions, among others, the due diligence of the Target Company, confidentiality, notices, costs, legal effect, termination and governing law, the MOU does not constitute a legally-binding commitment on the part of the Target Company and the Company in respect of the Proposed Subscription. The Proposed Subscription will be subject to the execution and completion of the Subscription Agreement

The MOU will be terminated at the earlier of: (i) the Expiry Date (or such later date as the Company and the Target Company may agree); or (ii) the execution of the Subscription Agreement.

## **INFORMATION ON THE TARGET COMPANY**

To the best of the Directors’ knowledge, information and belief, having made all reasonable inquiries, 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 Target Company is indirectly wholly-owned by DLC Capital Partners I, L.P., a fund for which the general partner is 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.

## **REASONS FOR AND BENEFIT OF THE PROPOSED SUBSCRIPTION**

As disclosed in the annual report of the Group for the year ended 31 March 2019, the Group considered to diversify the Group's business through pursuing suitable acquisition and equity investment opportunities which will allow the Group to diversify its sources of income, explore new markets with growth potential and capture new business opportunities which may create substantial value to the Shareholders. The Board considers that the Proposed 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 consider that the entering into the MOU is in the interest of the Company and its Shareholders as a whole.

### **GENERAL**

Given that the Target Company is a connected person of the Company under the Listing Rules, the Proposed Subscription, if materialised, will constitute a notifiable transaction and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

Further announcement in respect of the Proposed Subscription will be made by the Company if any definitive agreement has been entered into by the Company.

**As the Proposed Subscription may or may not materialise, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

### **DEFINITION**

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

“Board”	the board of Directors
“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
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the non-legally binding memorandum of understanding dated 11 June 2020 entered into between the Company and the Target Company
“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
“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
“US”	United States of America
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 11 June 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.*