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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)

**CONNECTED TRANSACTION IN RELATION TO
FURTHER SUBSCRIPTION OF 15.10% CLASS B
MEMBERSHIP INTEREST IN
CARMEL RESERVE LLC**

THE SUBSCRIPTION

The Board is pleased to announce that on 16 September 2025 (after trading hours), 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 Company (or its nominee), and the Company has conditionally agreed to subscribe for (or procure its nominee to subscribe for) the Subscription Interest, representing approximately 15.10% of the existing issued Class B Membership Interest in the Target Company and approximately 13.12% of the issued Class B Membership Interest in the Target Company as enlarged by the Subscription, at the consideration of approximately US\$10.32 million (equivalent to approximately HK\$80.52 million).

Upon Completion, the Company will be, directly or indirectly, interested in approximately 32.97% of the issued Class B Membership Interest in the Target Company as enlarged by the Subscription.

IMPLICATIONS UNDER THE LISTING RULES IN RESPECT OF THE SUBSCRIPTION

Voting Class A Membership Interest of the Target Company

As at the date of this announcement, the voting 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 is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC. DLC Capital GP Limited, being the general partner of DLC Capital Partners I, L.P., and DL Family US Holdings, Corporation are ultimately controlled by Mr. Chen and Ms. Jiang.

DLC Capital Partners I, L.P. (the “**Fund**”) is formed as an exempted limited partnership registered in the Cayman Islands on 16 November 2017. As at the date of this announcement, the interest of the Fund was held by 18 limited partners (the “**LP(s)**”). The investor base is globally and individually diversified, with none of the LPs holding more than 30% interest in the Fund. The LPs, as limited partners, are passive investors of the Fund who are entitled to receive distributions of the Fund in accordance with the limited partnership agreement but have no right to participate in the day-to-day operations of the Fund, nor have control over the management of the Fund.

As at the date of this announcement, the LPs of the Fund included (i) DA Asset Management; (ii) DL Family US Holdings, Corporation; (iii) Ms. Jiang; (iv) Ms. He; and (v) Mr. Ai, who are holding approximately 5.26%, 4.81%, 1.57%, 1.24% and 0.63% interests in the Fund, respectively. Save as disclosed, the LPs of the Fund and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Non-Voting Class B Membership Interest of the Target Company

As at the date of this announcement, the non-voting Class B Membership Interest of the Target Company is owned as to approximately 58.51% by DL Family US Holdings, Corporation, approximately 22.85% by DL Investment which is a wholly-owned subsidiary of the Group, approximately 11.36% by SE International, approximately 0.67% by DA Asset Management, and approximately 6.61% by six Independent Third Parties.

By virtue of the above, the Target Company is a connected person of the Company. Therefore, the entering into of the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%, the Subscription Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 16 September 2025 (after trading hours), 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 Company (or its nominee), and the Company has conditionally agreed to subscribe for (or procure its nominee to subscribe for) the Subscription Interest, representing approximately 15.10% of the existing issued Class B Membership Interest in the Target Company and approximately 13.12% of the issued Class B Membership Interest in the Target Company as enlarged by the Subscription, at the consideration of approximately US\$10.32 million (equivalent to approximately HK\$80.52 million).

THE SUBSCRIPTION AGREEMENT

The principal terms and conditions of the Subscription Agreement are as follows:

Date

16 September 2025 (after trading hours)

Parties

- (i) the Company (as the subscriber); and
- (ii) the Target Company (as the issuer)

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 Company (or its nominee), and the Company shall subscribe for (or procure its nominee to subscribe for), the Subscription Interest free from all encumbrances, representing approximately 15.10% of the existing issued Class B Membership Interest in the Target Company and approximately 13.12% of the issued Class B Membership Interest in the Target Company as enlarged by the Subscription.

As at the date of this announcement, the Company is indirectly interested in approximately 22.85% of the existing issued Class B Membership Interest in the Target Company. Upon Completion, the Company will be, directly and indirectly, interested in approximately 32.97% of the issued Class B Membership Interest in the Target Company as enlarged by the Subscription.

It is expected that the investment of the Group in the Target Company will continue to be recorded as financial assets at fair value through profit or loss in the financial statements of the Group.

Consideration

Subject to the terms and conditions of the Subscription and the terms set out in the Subscription Agreement, the Target Company shall allot and issue to the Company (or its nominee), and the Company shall subscribe for (or procure its nominee to subscribe for) from the Target Company, the Subscription Interest at the aggregate Subscription Price of approximately US\$10.32 million (equivalent to approximately HK\$80.52 million). The aggregate Subscription Price of all the Subscription Interests shall be settled by the Company to the Target Company by way of capitalisation of the entire Shareholder's Loan, and the remaining balance of the aggregate Subscription Price of US\$8.0 million (equivalent to approximately HK\$62.40 million) shall be settled by cash by the Company upon Completion. The cash portion of the Subscription Price will be funded by the net proceeds from the Placing.

The consideration of the Subscription represents a pre-money equity valuation of the Target Company of approximately US\$68.36 million (equivalent to approximately HK\$533.24 million), representing a discount of approximately 4.50% to the adjusted net asset value of the Target Company of approximately US\$71.58 million (equivalent to approximately HK\$558.36 million) as at 31 March 2025 (the “**Adjusted NAV**”). 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, the Adjusted NAV which is calculated based on (i) the net asset value of the Target Company of approximately US\$67.11 million (equivalent to approximately HK\$523.46 million) as at 31 March 2025 as adjusted by the fair value of the investment properties of the Target Company of approximately USD111.30 million as at 31 March 2025 prepared by the Independent Valuer by using market approach; and (ii) the aggregated amount of loan and accrued interests of approximately US\$4.47 million (equivalent to approximately HK\$34.90 million) held by creditors of the Target Company being capitalised after 31 March 2025 and before the date of the Subscription Agreement.

Conditions Precedent

Completion of the Subscription is conditional upon the following the conditions precedent being satisfied or waived (as the case may be):

- (a) the Target Company having complied with all necessary statutory governmental or regulatory obligations and obtained all necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation the transactions contemplated under the Subscription Agreement and the Subscription;
- (b) the Company and/or its nominee having obtained all necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Subscription Agreement and the Subscription;
- (c) the Company 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); and
- (d) the warranties made by the Target Company where required to be repeated in accordance with the Subscription Agreement at Completion being materially true and accurate at the time of Completion, as though then made and the Target Company not otherwise being in material breach of its obligations under the Subscription Agreement.

The Company and the Target Company shall use their reasonable endeavours to procure that all conditions precedent above are satisfied on or before the Long Stop Date. Pursuant to the Subscription Agreement, the Company may waive all or part of the conditions (c), and (d) 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 conditions precedent have not been fulfilled or waived (if applicable) before the Long Stop Date (or such other date as the Company 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.

Completion

Completion shall take place on the Completion Date. At Completion, the Company (or its nominee) shall enter into the Supplemental Operating Agreement in such form and substance satisfactory to the Company and duly executed by all the members of the Target Company.

The Supplemental Operating Agreement

Upon Completion, the Company (or its nominee) and the other members of the Target Company shall enter into the Supplemental Operating Agreement. The entering into the Supplemental Operating Agreement is mainly to reflect the percentage of Class B Membership Interest of the Company (or its nominee) upon 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 Company (or its nominee) 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 Interest. Furthermore, the Company (or its nominee) will (i) be entitled to receive any and all amounts of distributable profit of the Target Company in proportion to its Class B Membership Interest 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 Interest by members of the Target Company and issue of new Membership Interest 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.

The table below sets out certain unaudited financial information of the Target Company for the two years ended 31 December 2024 and the six months ended 30 June 2025 which is prepared based on the management accounts provided by the Target Company.

	For the year ended 31 December		For the six months ended 30 June
	2023	2024	2025
	(US\$'000)	(US\$'000)	(US\$'000)
	(unaudited)	(unaudited)	(unaudited)
Turnover	—	—	—
Loss before tax	3,706.81	5,368.98	3,089.19
Loss after tax	3,707.61	5,370.66	3,090.29

The unaudited total assets and net assets of the Target Company as at 31 December 2024 were approximately US\$72.57 million and US\$20.71 million, respectively. The unaudited total assets and net assets of the Target Company as at 30 June 2025 were approximately US\$76.62 million and US\$17.62 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. After years of hard work, the first phase of the Project is expected to be completed in 2026.

INFORMATION ON THE COMPANY

The principal activity of the Company is investment holding. 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 ultrahigh net worth families; (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.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Board believes that the Subscription represents a significant strategic opportunity to deepen the Company’s investment in the prestigious “ONE Carmel” luxury residential development in Carmel Valley, California. The Group initially invested in the Target Company in 2020, followed by a debt investment in 2024 to support continued development. The Subscription involves converting the debt investment in the Target Company made by the Group in 2024 and a new cash injection of US\$8 million into equity, reinforcing the Company’s commitment to this high-potential Project.

As disclosed in the announcements of the Company dated 7 and 12 August 2025, the Company considers ONE Carmel to be a quality real estate real-world assets (RWA) with significant potential for future tokenisation, supporting the Group's innovative digital finance and blockchain endeavors. One key goal is to develop "ONE Carmel" as a premier real estate community that incorporates advanced artificial intelligence (AI) powered property management systems, enhancing operational efficiency, resident experience, and asset value.

To the best of the knowledge, information and belief of the Directors, the Project spans 891 acres, offering 73 custom homes in an eco-conscious, gated community with ocean and mountain views, designed by internationally renowned architects. "ONE Carmel" is positioned to meet growing global demand for ultra-luxury, sustainable living spaces, particularly from high-net-worth individuals seeking distinctive legacy estates in prime locations. The development's modern design, premium amenities such as a clubhouse, equestrian center, and extensive trails, along with state-of-the-art fiber technology, align well with contemporary lifestyle and investment trends.

The Board is of the view that, by increasing its equity interest in the Target Company, the Group will be able to enhance its exposure to potential long-term capital appreciation and profit distributions from the Project. This move also aligns with the Group's strategy to expand its footprint in the US real estate market and diversify its asset base, complementing its existing investment and family office businesses.

Overall, the Board considers that the Subscription will bring sustainable value to the Shareholders through the financial returns generated from the Project. In light of the above, the Directors (including the independent non-executive Directors) 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

Voting Class A Membership Interest of the Target Company

As at the date of this announcement, the voting 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 the Fund is holding 100% of the non-voting Class B interest of DLC CR LLC.

DLC Capital GP Limited is owned as to 95% by DL Family US Holdings, Corporation and 5% by Clear Peak NV LLC. DLC Capital GP Limited, being the general partner of the Fund, and DL Family US Holdings, Corporation are ultimately controlled by Mr. Chen and Ms. Jiang.

The Fund is formed as an exempted limited partnership registered in the Cayman Islands on 16 November 2017. As at the date of this announcement, the interest of the Fund was held by 18 LPs. The investor base is globally and individually diversified, with none of the LPs holding more than 30% interest in the Fund. The LPs, as limited partners, are passive investors of the Fund who are entitled to receive distributions of the Fund in accordance with the limited partnership agreement but have no right to participate in the day-to-day operations of the Fund, nor have control over the management of the Fund.

As at the date of this announcement, the LPs of the Fund included (i) DA Asset Management; (ii) DL Family US Holdings, Corporation; (iii) Ms. Jiang; (iv) Ms. He; and (v) Mr. Ai, who are holding approximately 5.26%, 4.81%, 1.57%, 1.24% and 0.63% interests in the Fund, respectively. Save as disclosed, the LPs of the Fund and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Non-Voting Class B Membership Interest of the Target Company

As at the date of this announcement, the non-voting Class B Membership Interest of the Target Company is owned as to approximately 58.51% by DL Family US Holdings, Corporation, approximately 22.85% by DL Investment which is a wholly-owned subsidiary of the Group, approximately 11.36% by SE International, approximately 0.67% by DA Asset Management, and approximately 6.61% by six Independent Third Parties.

By virtue of the above, the Target Company is a connected person of the Company. Therefore, the entering into of the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%, the Subscription Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chen is considered to have material interests in the Subscription Agreement and the transactions contemplated thereunder and had abstained from voting on the Board's resolutions approving the Subscription Agreement and the transactions contemplated thereunder. Save for Mr. Chen, none of the Directors have any material interest in the Subscription and the transactions contemplated thereunder or are required to abstain from voting on the Board's resolutions approving the Subscription Agreement and the transactions contemplated thereunder. Notwithstanding the above, to avoid any potential conflict of interest, each of Ms. He and Mr. Ai, holding approximately 1.24% and 0.63% interests in the Fund as LP respectively and who are Directors, have voluntarily abstained from voting on the Board's resolutions approving the Subscription Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to such term in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding 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 Target Company as a class A member of the Target Company
“Class B Membership Interest”	interest in the Target Company as a class B member of the Target Company
“Company”	DL Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1709)
“Completion”	completion of the subscription of the Subscription Interest in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which the Completion takes place, being the second Business Day immediately after the date on which the conditions precedent are satisfied and/or waived or such other date as the Company and the Target Company may agree in writing

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“DA Asset Management”	DA Asset Management Limited, a limited liability company incorporated in Hong Kong with its ultimate beneficial owner being Mr. Chen
“DL Investment”	DL Investment Holdings US, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Independent Valuer”	Vincorn Consulting and Appraisal Limited, an independent professional qualified valuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2025
“Membership Interest”	Class A Membership Interest and Class B Membership Interest

“Mr. Ai”	Mr. Ai Kuiyu, an executive Director of the Company
“Mr. Chen”	Mr. Chen Ningdi, an executive Director and a controlling shareholder of the Company
“Ms. He”	Ms. He Zhiying, an executive Director of the Company
“Ms. Jiang”	Ms. Jiang Xinrong, the spouse of Mr. Chen
“Operating Agreement”	the limited liability company agreement of the Target Company entered into between all members of the Target Company as amended and restated from time to time
“Placing”	the placing and top-up subscription of 201,456,000 shares of the Company, pursuant to the placing and subscription agreement dated 7 August 2025, details of which are set out in the announcements of the Company dated 7, 12 and 14 August 2025
“Project”	the project to develop “ONE Carmel”, an ultra-luxury residential project located in Carmel Valley of Monterey County in California, the US
“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, 015-361-014-000, 015-171-013, 015-171-014, 015-171-016, 015-171-017, 015-171-018, 015-171-019, 015-171-020, 015-171-021 and 015-171-057) located on Carmel Valley Road, Carmel Valley, California, the US
“SE International”	SE International LLC, a company with limited liability incorporated in the State of California with its ultimate beneficial owner being Ms. Jiang
“Share(s)”	ordinary share(s) in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	the outstanding loans provided by the Company to the Target Company in the aggregate principal and accrued interest amount of approximately US\$2.32 million as at the date of the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Company (or its nominee) for, and the issue and allotment by the Target Company, of the Subscription Interest, on the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 September 2025 entered into between the Company and the Target Company
“Subscription Interest”	the Class B Membership Interest to be subscribed by the Company (or its nominee) subject to the terms of the Subscription Agreement, which represents 13.12% of the Class B Membership Interest in the Target Company as enlarged by the Subscription
“Subscription Price”	a total of approximately US\$10.32 million (equivalent to approximately HK\$80.52 million), being the subscription price for the Subscription Interest
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“Supplemental Operating Agreement”	the supplemental agreement to the existing Operating Agreement to be entered into between all members of the Target Company upon Completion
“Target Company”	Carmel Reserve LLC, a company with limited liability incorporated in the State of Delaware

“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
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 16 September 2025

For the purpose of illustration only and unless otherwise stated, conversion of US\$ to HK\$ in this announcement is based on the exchange rate of US\$1 to HK\$7.8. Such conversion should not be construed as a representation that any amount have been, could have been, or may be, exchanged at this or any other rate.

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 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) and Mr. Liu Chun.