DIT GROUP LIMITED
築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of DIT Group Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

FINANCIAL SUMMARY

	For the year ended 31 December		
	2022	2021	Changes
	HK$'000	*HK$'000*	
Revenue	**1,573,662**	2,085,226	(24.5%)
Gross profit	**261,934**	524,155	(50.0%)
(Loss)/profit for the year, attributable to	**(153,575)**	138,977	(210.5%)
— Owners of the Company	**(148,150)**	132,375	(211.9%)
— Non-controlling interests	**(5,425)**	6,602	(182.2%)

The Board does not recommend payment of any dividend for the year ended 31 December 2022 (31 December 2021: HK$0.01 per share of the Company (the "**Share**")) to the shareholders of the Company (the "**Shareholders**").

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**Year ended 31 December 2022**	Year ended 31 December 2021
		HK$'000	*HK$'000*
Revenue	*3*	**1,573,662**	2,085,226
Cost of sales		**(1,311,728)**	(1,561,071)
Gross profit		**261,934**	524,155
Government grants		**16,930**	37,660
Other income		**12,199**	17,636
Other (losses)/gains — net		**(9,439)**	8,485
Selling and distribution expenses		**(84,106)**	(91,180)
Administrative expenses		**(187,584)**	(192,166)
Net impairment losses on financial assets		**(85,383)**	(47,111)
Share of losses of associates		**(18,259)**	(12,534)
Operating (loss)/profit		**(93,708)**	244,945
Finance costs	*4*	**(76,001)**	(56,912)
(Loss)/profit before income tax		**(169,709)**	188,033
Income tax expenses	*5*	**16,134**	(49,056)
(Loss)/profit for the year		**(153,575)**	138,977

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the year ended 31 December 2022

	Note	**Year ended 31 December 2022** *HK$'000*	Year ended 31 December 2021 *HK$'000*
(Loss)/profit for the year		**(153,575)**	138,977
Other comprehensive (loss)/income, which may be reclassified subsequently to profit or loss			
— Currency translation differences		**(266,341)**	84,935
Other comprehensive (loss)/income for the year, net of tax		**(266,341)**	84,935
Total comprehensive (loss)/income for the year		**(419,916)**	223,912
(Loss)/profit for the year, attributable to			
— Owners of the Company		**(148,150)**	132,375
— Non-controlling interests		**(5,425)**	6,602
		(153,575)	138,977
Total comprehensive (loss)/ income for the year, attributable to			
— Owners of the Company		**(414,696)**	216,979
— Non-controlling interests		**(5,220)**	6,933
		(419,916)	223,912
(Losses)/earnings per share attributable to owners of the Company (expressed in HK$ cents per share)			
— Basic and diluted	*7*	**(4.78)**	4.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	**As at 31 December 2022** *HK$'000*	As at 31 December 2021 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,894,335**	2,951,508
Right-of-use assets		**894,791**	1,119,436
Investment properties		**16,344**	18,591
Intangible assets		**4,351**	4,346
Deferred income tax assets		**77,317**	61,745
Investments in associates		**209,593**	241,514
Financial assets at fair value through profit or loss		**41,002**	52,003
		4,137,733	4,449,143
Current assets			
Inventories		**143,180**	211,424
Trade and other receivables and prepayments	*8*	**2,328,642**	2,238,936
Financial assets at fair value through profit or loss		**–**	12,231
Cash and cash equivalents		**25,120**	461,351
Restricted cash		**55,251**	187,717
		2,552,193	3,111,659
Total assets		**6,689,926**	7,560,802
EQUITY			
Equity attributable to owners of the Company			
Share capital (nominal value)		**1,240,960**	1,240,960
Reserves		**987,916**	1,425,619
		2,228,876	2,666,579
Non-controlling interests		**689,568**	694,718
Total equity		**2,918,444**	3,361,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 December 2022

	Note	**As at 31 December 2022** *HK$'000*	As at 31 December 2021 *HK$'000*
LIABILITIES			
Non-current liabilities			
Amount due to a related party		**77,438**	–
Deferred income		**1,562**	2,672
Deferred income tax liabilities		**14,097**	14,323
Lease liabilities		**–**	105,472
Borrowings		**854,358**	1,341,120
		947,455	1,463,587
Current liabilities			
Trade and other payables	*9*	**1,792,277**	1,772,008
Contract liabilities		**72,342**	60,890
Current income tax liabilities		**41,275**	51,113
Lease liabilities		**1,401**	13,749
Borrowings		**916,732**	838,158
		2,824,027	2,735,918
Total liabilities		**3,771,482**	4,199,505
Total equity and liabilities		**6,689,926**	7,560,802

NOTES:

1 GENERAL INFORMATION

DIT Group Limited (the "**Company**") was incorporated as an exempted company with limited liability in Bermuda on 28 February 1991 under the Companies Act 1981 of Bermuda and its issued shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") starting from 25 July 1991.

The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is Room 7708A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the "**Group**") are prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and rounded to the nearest thousand ("**HK$'000**"), unless otherwise stated.

As at 31 December 2022, the ultimate controlling shareholder of the Company is Mr. Wu Po Sum.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRs and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Going concern basis

As at 31 December 2022, the Group's current liabilities exceeded its current assets by HK$271,834,000. At the same date, the Group's current borrowings amounted to HK$916,732,000 while its cash and cash equivalents amounted to HK$25,120,000 only.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation (Continued)

(b) Going concern basis (Continued)

For the year ended 31 December 2022, the Group failed to repay an instalment of RMB20,000,000 (equivalent to HK$22,389,647) for one commercial bank borrowing due on 31 December 2022, which constituted an event of default ("**Bank Borrowing Default**"). This event resulted in the mentioned borrowing amounted to RMB115,000,000 (equivalent to HK$128,740,470) as at 31 December 2022 becoming immediately repayable if requested by the lender, of which RMB60,000,000 (equivalent to HK$67,168,941) represented bank borrowing with scheduled repayment dates within one year, while the remaining RMB55,000,000 (equivalent to HK$61,571,529) represented the non-current portion with original maturity dates beyond 31 December 2023 that were reclassified as current liabilities.

This Bank Borrowing Default also triggered certain terms specified in the Group's other borrowing agreements and resulted in the Group's other borrowings amounted to RMB25,000,000 (equivalent to HK$27,987,059) in total as at 31 December 2022 becoming immediately repayable if requested by the lenders.

As at 31 December 2022, there were various litigations against the Group which were claimed by certain suppliers with respect to overdue payables amounted to approximately RMB130,122,000 (equivalent to HK$145,669,000) in total.

In addition, subsequent to 31 December 2022, the Group failed to repay another three commercial bank borrowings amounted to RMB33,000,000 (equivalent to HK$36,942,918) in total according to the scheduled repayment dates ("**Bank Borrowing Default 2**").

Such conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful considerations to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

i) In respect of borrowings that are either overdue or in default (including Bank Borrowing Default and Bank Borrowing Default 2), the Group has been actively negotiating with the relevant lenders for the repayment, renewal and extension of the overdue borrowings. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the borrowings prior to their scheduled contractual repayment dates. Subsequent to 31 December 2022, the Group has repaid RMB5,000,000 (equivalent to HK$5,597,412) and successfully extended RMB130,000,000 (equivalent to HK$145,532,706) of these defaulted borrowings and the Directors believe that the Group will be able to timely fulfil the repayment schedules under the extended borrowing agreements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation (Continued)

(b) Going concern basis (Continued)

ii) The Group has also been negotiating with various banks and financial institutions to seek renewal, extension of the other existing borrowings and obtain new borrowings. The Directors believe that, given the Group's long-term relationship with the banks and financial institutions and the availability of the Group's long term assets as collateral for the borrowings, the Group will be able to renew or extend existing borrowings and obtain new borrowings when needed.

iii) In respect of the outstanding litigations for overdue payables to the Group's suppliers, the Group is negotiating with suppliers for revised repayment schedules and actively arranging settlement. Subsequent to 31 December 2022, certain overdue payables have been settled and the Directors are confident that the Group is able to reach revised repayment schedules with suppliers and settle the overdue payable accordingly.

iv) The Group will continue to implement measures to increase the sales of its prefabricated construction units and decoration and landscaping services, and to speed up the collection of trade receivables.

v) The Group will seek opportunities to dispose of certain assets and investments at reasonable prices to generate cash inflows and mitigate its liquidity pressure.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful negotiations with the Group's lenders in respect of the borrowings that were either overdue or in default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the borrowings; the timely repayments according to the scheduled repayment dates as stipulated in the extended borrowing agreements;

(ii) the successful negotiations with the banks and financial institutions for renewal of or extension for repayment of the other existing borrowings and the successful obtaining of additional new sources of financing as and when needed;

(iii) the successful settlement of litigation against the suppliers for overdue payables; and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation (Continued)

(b) Going concern basis (Continued)

(iv) the successful and timely implementation of the measures to increase the sales and speed up the collection of trade receivables, and the successful disposal of relevant assets and investments at reasonable prices and timely collection of the proceeds.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(c) New and amended standards of HKFRSs adopted by the Group in 2022

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use - Amendments to HKAS 16*
- *Onerous Contracts - Cost of Fulfilling a Contract — Amendments to HKAS 37*
- *Annual Improvements to HKFRS Standards 2018-2020, and*
- *Reference to the Conceptual Framework — Amendments to HKFRS 3.*
- *Covid-19 Related Rent Concessions beyond 30 June 2021 — Amendment to HKFRS 16 (March 2021) (the "HKFRS 16 Amendment (March 2021)")*
- *Amendments to AG 5 Merger Accounting for Common Control Combinations*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE

	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Revenue from sales of prefabricated construction units	**1,080,961**	1,322,633
Revenue from decoration and landscaping services	**376,750**	551,472
Revenue from granting licenses	**40,420**	98,069
Revenue from consulting services	**35,770**	79,020
Revenue from sales of prefabricated construction equipments	**26,013**	12,697
Rental income	**13,748**	21,335
	1,573,662	2,085,226

4 FINANCE COSTS

	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Interest expenses on borrowings	**94,392**	97,929
Finance charges on lease liabilities	**4,046**	4,648
Less: Interest capitalised	**(22,437)**	(45,665)
	76,001	56,912

5 INCOME TAX EXPENSES

	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Current income tax		
— PRC corporate income tax		
— Current tax on profits for the year	**11,575**	59,749
— Adjustments for current tax of prior periods	**(541)**	10,209
— Hong Kong profits tax	**–**	–
	11,034	69,958
Deferred income tax	**(27,168)**	(20,902)
Total income tax expenses for the year	**(16,134)**	49,056

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2021 *HK$'000*
(Loss)/profit before income tax	**(169,709)**	188,033
Income tax calculated at respective statutory rates	**(41,208)**	49,288
Preferential income tax rate	**19,906**	(2,932)
Previously unrecognised tax losses recognised in current year as deferred tax assets	**(1,547)**	(129)
Non-deductible expenses	**2,570**	1,167
Non-taxable income	**(313)**	(9,397)
Research and development expenditure additional deduction	**(10,405)**	(12,680)
Utilisation of previously unrecognised tax losses	**(26)**	(563)
Tax losses and temporary differences not recognised as deferred tax assets	**15,430**	14,093
Prior year's tax filing differences	**(541)**	10,209
Total income tax expenses for the year	**(16,134)**	49,056

5 INCOME TAX EXPENSES *(Continued)*

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% (year ended 31 December 2021: 16.5%) on the estimated assessable profit derived in Hong Kong for the year ended 31 December 2022.

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("**CIT Law**"), the CIT rate applicable to the Group's subsidiaries established in mainland China is 25%, while certain subsidiaries are applicable to the preferential tax rate of 15%, those subsidiaries were required to apply for renewal every three years from first year of approval.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The Company's mainland China subsidiaries did not have plan for distributing dividend to the Company in the foreseeable future, thus no such withholding tax was accrued for the year ended 31 December 2022 (year ended 31 December 2021: Nil).

6 DIVIDEND

	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Proposed no final dividend (2021: HK$0.01 per ordinary share)	**–**	31,024

In addition, no interim dividend has been declared during the year (2021: nil).

7 EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share for the year is calculated by dividing the consolidated earnings of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December 2022	Year ended 31 December 2021
Consolidated (losses)/earnings attributable to owners of the Company *(HK$'000)*	**(148,150)**	132,375
Weighted average number of ordinary shares in issue *('000)*	**3,102,400**	2,837,743
Basic (losses)/earnings per share *(HK cents)*	**(4.78)**	4.66

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2022 and 2021, the calculation of diluted earnings per share excluded the share options granted to directors, senior management and other employees on 30 November 2020, as their inclusion would have been anti-dilutive. Therefore, diluted earnings per share for the year ended 31 December 2022 and 2021 are equal to respective basic earnings per share.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2022 *HK$'000*	As at 31 December 2021 *HK$'000*
Trade receivables — third parties	**1,390,552**	1,217,674
Trade receivables — related parties	**854.898**	795,443
Amounts due from related parties	**56,867**	39,638
Notes receivable	**33,898**	31,118
Prepayments — third parties	**28,564**	20,999
Prepayments — related parties	**281**	1,570
Land auction deposits	**18,090**	20,008
Value-added tax recoverable	**15,379**	119,873
Deposits	**14,882**	17,292
Receivables relating to disposal of subsidiaries	**1,895**	2,071
Government grants receivable	**280**	2,630
Others	**52,029**	34,700
	2,467,615	2,303,016
Less: Provision for impairment of trade and other receivables *(note (a))*	**(138,973)**	(64,080)
	2,328,642	2,238,936

note:

(a) As at 31 December 2022, such balance included provision for impairment of trade and notes receivables of HK$125,560,000 and provision for impairment of other receivables of HK$13,413,000 (31 December 2021: HK$50,383,000 and HK$13,697,000, respectively).

An ageing analysis of trade and notes receivables as at the end of the reporting period, from the date when they were recognised, is as follows:

	As at 31 December 2022 *HK$'000*	As at 31 December 2021 *HK$'000*
Less than 1 year	**2,173,283**	1,943,446
1 to 2 years	**74,719**	74,610
Over 2 years	**31,346**	26,179
	2,279,348	2,044,235

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The maximum exposure to credit risk as at 31 December 2022 and 2021 is the carrying value of each class of receivables mentioned above.

As at 31 December 2022 and 2021, the fair values of trade and other receivables approximate their carrying amounts.

The carrying amounts of the Group's trade and other receivables and prepayments are denominated in the following currencies:

	As at 31 December 2022	As at 31 December 2021
	HK$'000	*HK$'000*
HK$	**4,080**	10,907
RMB	**2,324,562**	2,228,029
	2,328,642	2,238,936

The creation of provision for impairment of receivables has been included in "Net impairment losses on financial assets" in the consolidated statement of profit or loss and other comprehensive income.

9 TRADE AND OTHER PAYABLES

	As at 31 December 2022	As at 31 December 2021
	HK$'000	*HK$'000*
Trade payables — third parties	**1,326,121**	1,223,820
Trade payables — related parties	**18,818**	10,015
Accrued tax payable	**104,877**	62,399
Accrued payable for property, plant and equipment construction — related parties	**92,773**	64,786
Accrued payable for property, plant and equipment construction — third parties	**43,334**	68,338
Amounts due to related parties	**63,466**	205,769
Notes payable	**34,016**	58,977
Accrued payroll	**28,179**	11,493
Deposits	**10,075**	15,989
Provision for onerous contract	**3,241**	2,318
Interest payable	**221**	256
Others	**67,156**	47,848
	1,792,277	1,772,008

9 TRADE AND OTHER PAYABLES *(Continued)*

An ageing analysis of the trade payables as at the end of the reporting period, from the date when they were incurred, is as follows:

	As at 31 December 2022	As at 31 December 2021
	HK$'000	*HK$'000*
Less than 1 year	**1,279,795**	1,182,500
1 to 2 years	**65,144**	51,335
	1,344,939	1,233,835

As at 31 December 2022 and 2021, the fair values of trade and other payables approximate their carrying amounts.

As at 31 December 2022 and 2021, the carrying amounts of trade and other payables are primarily denominated in Renminbi.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2022, China's economic and social uncertainty increased and gross domestic product ("**GDP**") growth slowed down significantly due to repeated and multiple COVID-19 outbreaks nationwide. In particular, the real estate industry, a pillar of the economy, remained under the cloud of uncertainty with ongoing impacts of domestic and overseas debt and liquidity problems. According to the National Bureau of Statistics, the investment in real estate development around China dropped by 10.0% year-on-year in 2022. The downturn in the real estate industry directly affected the upstream industry chain, including the construction industry. Compared to 2021, the gross housing construction area, gross new housing construction area and gross area of completed housing construction fell by 7.2%, 39.4% and 15.0% respectively in 2022, marking the commencement of a tough period of construction industry. Systematic risks were accumulating and market competition became even fiercer. Besides, payment collection problem is putting pressure on operations, further accelerating industry consolidation and survival of the fittest. Meanwhile, competition in the precast concrete ("**PC**") industry intensified, causing overall price drop.

Under the challenging external environment, the Group's annual results of operations in 2022 were inevitably affected. For the year ended 31 December 2022 (the "**Reporting Period**"), the Group achieved sales revenue of approximately HK$1.574 billion, a year-on-year decrease of approximately 24.5%. Its gross profit was approximately HK$262 million, a year-on-year decrease of approximately 50.0%. The net loss attributable to the parent company was approximately 148 million, a year-on-year decrease of approximately 211.9%.

I. Adjustment of operating strategies in response to market changes and consolidation of business setup across the industry chain

During the Reporting Period, the Group proactively adjusted its operating strategies in response to intensified competition and market changes. During the Reporting Period, the Group continued to develop prefabricated building, and actively expanded the smart landscaping and smart decoration business, and consolidated the business setup throughout the industry chain. In 2022, as a result of shrinking demand caused by the real estate industry with a downward trend, and price decline caused by fiercer market competition, the contract sales of PC components were approximately RMB2.49 billion, a year-on-year decrease of approximately 14.51%; the output of PC components dropped by approximately 12.14% year-on-year to approximately 378,000 cubic metres; the sales volume of PC components dropped by approximately 8.24% year-on-year to approximately 382,000 cubic metres.

Despite such decreases, during the Reporting Period, the Group deepened the setup of its PC factories and put new PC factory in Ruyang into operation by means of direct sales, franchise and asset-light model, and reinforced its production capacity distribution in the Yangtze River Delta and Greater Bay Area. As of 31 December 2022, the Group invested in and launched a total of 19 smart PC factories and a Prefabricated Decoration Industrial Park nationwide. The production capacity of PC components reached 1.34 million cubic metres. As for sales volumes of PC components by region since 2022, the percentage of the Central China, Greater Bay Area, Yangtze River Delta and Henan Province was approximately 27%, 21%, 36% and 16% respectively. The efforts put in national production capacity distribution were effective. With respect to sales volumes of PC components by client in 2022, construction companies accounted for approximately 79% and property developers accounted for 19%.

In the face of market changes, the Group has been committed to the pursuit of high-quality component products and continued to provide overall solution services for smart buildings. Within the Reporting Period, it won many awards and recognition from the prefabricated construction industry, and continued to be well recognized by industry insiders. In January 2022, the Company was named the Benchmark Enterprise for "Migration to Cloud and Platform" by Hunan Province. In April 2022, Huizhou factory obtained the "Quality Scheme for the Production and Supply of Concrete" certification issued by the Hong Kong Quality Assurance Agency, and component products can be supplied directly to construction projects in Hong Kong. The Group's Prefabricated Decoration Industrial Park won titles of the "2022 Demonstration Enterprise of Henan Province in Energy and Carbon Management" and "2022 Henan Province Smart Workshop". Its "Replacing People with Machines" demonstration application project also won the highest special award of RMB 5 million. Foshan factory, Zhoukou factory and Xiangtan factory were rated as "SME of Specialty, Refinement, Uniqueness and Novelty"; Dengfeng factory was named the "Prefabricated Construction Industrial Base in Zhengzhou", certified as Green Building Materials, and accredited as "Technological Enterprise in Zhengzhou". Ruyang factory, Jiaozhou factory and Nanjing factory were rated as "Hi-tech Enterprise". During the Reporting Period, the Group owns 15 national "Hi-tech Enterprises". In addition, the pandemic in Henan Province was severe in April 2022. The Group assumed social responsibilities and responded to the construction of the makeshift hospital in Shangqiu, winning recognition from the government.

II. Strengthening management and diversifying development to ensure stable operations

Within challenging market environment, the Group prioritised expense cutting and costs controlling while strengthening cash flow management, intensifying efforts of collecting accounts receivable, controlling the increase in accounts receivable, ensuring the collection of payments and secured capital turnover so as to stabilise the Group's operations. In terms of factory management, the Group adopted multiple refined management measures, lowered production costs, and improved productivity. In light of favorable national policies, the Group actively applied for government subsidies for high-tech enterprises. Its Prefabricated Decoration Industrial Park was successfully granted the corporate research and development ("**R&D**") fund and research subsidies in 2022, which helped to relieve the Group from pressure on capital.

In addition to cutting costs, the Group made progress in raising revenue. Within the Reporting Period, the Group was committed to revitalising existing assets, exploring new business possibilities, and managed to enter the field of prefabricated wind power tower. Its Defeng factory started venturing into components of prefabricated wind power tower. The concrete tower segments are prefabricated with high-precision formwork for localised production of projects. In this way, timely supply of concrete tower products was ensured, and the costs and risks of transporting large diameter products over long distances were lowered as compared to steel towers. The wind power industry in China is promising. There is huge market potential for wind power towers. Besides, the new venture can help to enhance the production capacity utilisation of the Group's factories and bring growth momentum to the Group in future.

Moreover, as a leading enterprise in the prefabricated construction industry, the Group actively established strategic partnerships during the Reporting Period to expand its development into construction fields other than housing. In October 2022, our parent company — China Minsheng Drawin Technology Group signed a strategic partnership agreement with the Second Construction Engineering Company Ltd., CSCEC regarding all-round multi-level cooperation in project development and construction, and smart buildings among other fields. The two parties are highly compatible and complementary with huge potential for cooperation in areas such as new infrastructure investment and construction. Based on the strategic partnership, the parties will leverage their resources and advantages to complement each other, and join their efforts to promote the high-quality development of China's construction industry through the development and construction of a series of high-quality projects.

III. Launch of strategic cooperation of operations with Glodon to accelerate digital transformation of the construction industry

China is vigorously encouraging the high-quality development of the construction industry and promoting the goals of "carbon peaking" and "carbon neutrality". The entire industry chain of the construction industry is being upgraded through digital transformation. In 2021, the Group signed a Equity Subscription Agreement with Glodon Company Limited ("**Glodon**"), the leading service provider of digital construction platforms in China, through which Glodon became the second biggest Shareholder of the Group. Based on the SaaS prefabricated construction industry Internet platform, and centred on the integrated development of "digitalisation + industrialisation", the Group and Glodon officially launched strategic cooperation of operations in 2022.

The Group used its own industrialised technology system combined with Glodon's digital construction solutions to create a vertical integration platform for the industry, jointly developed with Glodon the project management system (PMS) for prefabricated building construction sites, and applied in the EMPC general contracting project. The cooperation progressed smoothly, and successfully generated revenue in 2022. In addition, within the Reporting Period, the Group and Glodon jointly developed and improved the Group's Quick Quotation System (QQS) for prefabricated buildings, formed market linkages and jointly conducted market expansion. In July 2022, the Group further signed a commercial promotion cooperation agreement with Glodon to promote the development of industry information technology and deepen the application of refined project management. By firmly seizing the opportunities arising from rapid development of the smart building era, the Group and Glodon made joint contribution to the digital transformation and development of the construction industry.

IV. Focusing on scientific research, highlighting the advantages of digital intelligence

The Group is committed to becoming a leading smart building comprehensive solution provider by adhering to the development strategy of "being a technological leader", leveraging its own advantages with a leading core technology system, mastering the core technologies of digital intelligence such as BIM, Internet of Things, big data, and artificial intelligence in the field of smart buildings, and promoting the digitalisation of the prefabricated construction industry. During the Reporting Period, the Group added four independently developed patents on prefabrication technology, and continued to lead the industry with a cumulative number of patents to 1,910 as of 31 December 2022.

In terms of R&D, the Group has continuously focused on scientific research and innovation, and worked on prefabricated building technologies that reduce carbon emissions from construction activities. In June 2022, the Group released the CCRE Residential Green Technology Application Guidelines 1.0 and Requirements for Carbon Neutrality Management System through the integrated application research on the integrative application of more than 40 green and low-carbon technologies in the whole life cycle of building product design, manufacturing, construction and operation and maintenance, promoted the upgrade of low-carbon green building products, maximised resource utilisation efficiency, and helped China to achieve the "dual carbon" goals. In October 2022, the Company's "Dual Carbon" Action Plan was published at the Group's 9th Science and Technology Conference, announcing its current status of carbon emissions, carbon emission reduction targets and systematic carbon reduction solutions. In addition, in terms of smart construction, the Group independently developed "digitalised platform for construction project management". From project initiation to delivery, the entire process adopted digital and intelligent application, forming a digitally-intelligent closed-loop management model for "online construction standards, automated progress management, visualisation of construction quality, and remote monitoring and management" of projects.

V. Multiple repurchases during the Reporting Period to boost confidence in the Company's development

Since the announcement of the repurchase intention on 13 September 2022, the Group has repurchased 1,065,000 Shares at a price in between HK$0.385 to HK$0.45 per Share on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2022. The total amount for repurchases of Shares was approximately HK$439,000. The Board believes that the stock price of the Group does not reflect its intrinsic value. The repurchases made during the Reporting Period showed the Board's confidence in the Group's operating conditions, development prospects and long-term investment value. Meanwhile, the repurchase can effectively maintain the Group's stock price, market value and capital value, and return capital to investors, thus safeguarding the interests of investors, especially small and medium-sized investors, and providing investors with stable expectations and long-term investment returns for shareholders accordingly. In addition, Mr. Liu Weixing, executive Director and the chairman of the Board purchased 820,000 Shares at a price in between HK$0.33 to HK$0.395 per Share on 13 September 2022, fully proving the management's confidence in the Company's development prospects.

BUSINESS OUTLOOK

I. Steady recovery of macro-economy, low-carbon green construction to promote industry development

With the gradual relaxation of domestic COVID-19 prevention and control at the beginning of the year, it is expected that the overall macro-economy will steadily rally in 2023. The real estate industry serves as a pillar of national economy. Thanks to the implementation of supporting policies, such as the "16-point Financial Plan", stable credit input and optimised credit services for construction companies are proposed to maintain continuous stable financing for construction companies. The real estate industry is expected to rebound gradually. However, it will take time for the real estate market to fully recover. It is believed that the market will take until the second half of the year or longer to return to normal growth.

Meanwhile, China sticks to the goal of achieving "carbon peaking" by 2030 and "carbon neutrality" by 2060. The prefabricated construction industry is considered an important solution for energy conservation and carbon emission reduction in the construction industry, which will contribute to the realization of the "dual carbon" goals. As the Prefabricated Construction Action Plan under the Fourteenth Five-Year Plan announced by the Ministry of Housing and Urban-Rural Development of the People's Republic of China ("**MOHURD**") expressly indicated, prefabricated buildings will account for 30% of the new GFA by 2025. All provinces and municipalities are intensively implementing prefabricated construction-related policies. At present, twenty-five provinces (autonomous regions and municipalities) have issued the "Fourteenth Five-Year Plan" related to the construction industry, among which, ten provinces indicated that the proportion of prefabricated buildings in new buildings in 2025 will be higher than the national planning target. In the last seven years, the industry issued about 1,303 policy documents, 668 standards and regulations to build its policy system. In November 2022, the MOHURD released the Notice on the Announcement of Smart Construction Pilot Cities. 24 cities are to be pilot cities, including Changsha and Zhengzhou where the Group is headquartered. In January 2023, the MOHURD further stated, the construction market shall be shifted towards "loose entry, strict regulation and severe punishment", and the construction industry will focus on industrialisation, digitalisation and greening so as to continuously improve construction quality.

Against the backdrop of the "dual carbon" goals, the traditional construction industry will speed up upgrading and transformation and promote green construction methods. The prefabricated construction is becoming dominant in China's construction industry. In the first half of 2022, the GFA of newly constructed prefabricated buildings accounted for over 25% of the new buildings, reaching 2.4 billion square metres. The Group is expected to achieve gradual recovery and steady growth as China intensifies its efforts to achieve high-quality development of the construction industry and promote the goal of "carbon peaking" and "carbon neutrality", together with the intensive implementation of policies related to prefabricated construction, steady recovery of the real estate industry, and continuously growing market demand for prefabricated construction.

II. Maximising advantages of full industry chain coverage, enhancing utilisation of production capacity

The Group is committed to consolidating prefabricated construction business, and covering the full industry chain of PC components, landscaping and decoration to serve the whole lifecycle of prefabricated buildings. The Group undertakes general contracting from design to PC supply, landscaping and decoration, supply and landscape decoration, maximising its advantages of full industry chain coverage. We will make in-depth exploration of industrialised scenarios of the construction industry, and specify the plan on increase of the industrialization rate of prefabricated construction from 2023 to 2025. In principle, the proportion of prefabricated buildings in new buildings will grow 10% annually by the Fourteenth Five-year Plan. Moreover, the Group will expand the business types of PC components, such as prefabricated culverts, water conservancy projects, wind power towers, public utility networks and protective PC components along railways, to enrich the types of business orders and increase third-party customers. In this way, new growth momentum will be injected into business development; production capacity utilisation of the Group's factories will be enhanced; and contribution will be made to promoting energy-efficient and low-carbon green buildings, and accelerating the upgrading and transformation of the construction industry.

As the Central Government of China proposed to advance the construction of affordable housing at the end of 2022, it is expected that the policy will drive the growth of demand for prefabricated buildings for their advantages of standardisation, industrialisation, energy saving and carbon emission reduction. The Group will actively explore opportunities in the construction of affordable housing, public buildings and infrastructure facilities, strengthen horizontal strategic cooperation with national platform companies and relevant institutions, seize business opportunities, focus on key projects, increase the scale of business, production and sales, and strive for cooperation at different levels to increase its market penetration of prefabricated buildings.

III. **Lowering costs, improving quality and efficiency, maximising R&D advantages to promote implementation via digitalisation**

The Group will actively lower costs, improve quality and increase efficiency to achieve profit growth. In terms of efficiency improvement and cost reduction, the Group will focus on the controllable cost rate of human efficiency; actively apply for various human resource support policies issued by the government; carry out optimisation, upgrading and rationalised development of working standards, and accelerate the replication of best practices to save costs; and adopt centralised procurement and labour outsourcing of the steel and PC factories to reduce procurement costs. As for investment expansion, the Group is committed to launching franchise and management output and other expansion projects; promote the release of equity in associate factories to shorten the period for investment recovery, and release cash flow; and strengthen communication with government agencies, pay attention to favourable policies and actively apply for rewards and subsidies.

By adhering to the development strategy of "Top Priority for Leading Edge of Technology", the Group will maintain its leading position in the industry through release of technological protocols, digitalisation of the entire industry chain, and smart PC equipment among other R&D advantages. The Group is fully committed to developing innovative synergy of entire industry chain. It will follow the "Smart Home" strategy, rely on the scientific and technological innovation and integration at the core production steps (i.e. design, manufacturing and construction) of the whole specialized construction, prefabricated construction industry chain, achieve standardised design, factory manufacturing, platform-based procurement, fine management and intelligent operation in the entire industry chain by combining BIM technology, cloud computing, big data, Internet of things and other digital technologies through prefabrication. This leads to an overall upgrade of construction quality, schedule and cost. With respect to digitalisation, the Group will continue to improve its manufacturing management platform, and online procurement and investment promotion platform, promote the construction of smart community R&D platform, and build product analysis models to support data decision making, thus consolidating the Group's leading position in digitalisation. The Group also brought in Glodon as a strategic Shareholder in the hope that the parties may combine their advantages of "digitalisation" and "industrialisation", and achieve the synergy of "1+1>2". Together, we will continue to develop SaaS-based digital products, create overall digital solution for the prefabricated construction industry, integrate digitalisation and industrialisation of construction, and carry out industrialisation platform planning to promote the market launch of digital products and lead the construction industry into digital transformation and upgrading.

FINANCIAL REVIEW

Review of Results

The principal activities of the Group are prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the People's Republic of China.

Revenue

The revenue of the Group decreased by approximately 24.5% from approximately HK$2,085.2 million for the year ended 31 December 2021 to approximately HK$1,573.7 million for the year ended 31 December 2022. The decrease in revenue was mainly due to (i) the decrease in revenue from technical and consulting licensing of approximately HK$100.9 million; (ii) the decrease in transactions of landscaping and decoration services of approximately HK$174.7 million; and (iii) the decrease in revenue from PC components of approximately HK$241.7 million due to the pandemic and closure of certain factories. As a result, the Group recorded sales revenue for year ended 31 December 2022 of prefabricated construction units of approximately HK$1,081.0 million (2021: approximately HK$1,322.6 million), decoration and landscaping services of approximately HK$376.8 million (2021: approximately HK$551.5 million), granting licenses of approximately HK$40.4 million (2021: approximately HK$98.1 million), consulting services of approximately HK$35.8 million (2021: approximately HK$79.0 million), prefabricated construction equipments of approximately HK$26.0 million (2021: approximately HK$12.7 million) and rental income of approximately HK$13.7 million (2021: approximately HK$21.3 million).

Cost of sales

The Group recorded cost of sales of approximately HK$1,311.7 million (2021: approximately HK$1,561.1 million) for the year ended 31 December 2022. The decrease was primarily attributable to the decline in revenue from the sales of prefabricated components and landscaping and decoration services, along with the corresponding decrease in cost of sales.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately HK$262.3 million from approximately HK$524.2 million for the year ended 31 December 2021 to approximately HK$261.9 million for the year ended 31 December 2022. The gross profit margin decreased to 16.6% in 2022 from 25.1% in 2021. The decrease in gross profit for this year was mainly due to a significant decline in revenue from technology licensing and consultancy business.

Other income

The other income of the Group decreased by approximately HK$5.4 million from approximately HK$17.6 million for the year ended 31 December 2021 to approximately HK$12.2 million for the year ended 31 December 2022. Other income mainly comprised of interest income from a related party of approximately HK$7.5 million and interest income arose from bank deposits of approximately HK$2.0 million.

Other losses — net

For the year ended 31 December 2022, other losses — net amounting to approximately HK$9.4 million is mainly comprised of (i) gains on early termination of lease contracts of approximately HK$6.2 million; (ii) fair value losses on financial assets at fair value through profit or loss of approximately HK$6.9 million; (iii) overdue interests to suppliers of approximately HK$3.5 million; and (iv) provision for onerous contract of approximately HK$3.4 million.

Selling and distribution expenses

The selling and distribution expenses amounted to approximately HK$84.1 million (2021: approximately HK$91.2 million) for the year ended 31 December 2022. The decrease in expense was primarily attributable to the pandemic and closure of certain factories and drop in income and the decrease in transportation fees for product sales.

Administrative expenses

During the year ended 31 December 2022, the administrative expenses decreased by 2% to approximately HK$187.6 million from approximately HK$192.2 million for the year ended 31 December 2021, which was mainly attributable to the decrease of approximately HK$8.6 million in leases expenses for the year as compared to last year and the slight decrease in staff costs, mainly because of the decrease of approximately HK$3.2 million in share incentive expenses for the year as compared to last year, while the remaining increase was attributable to the increment of other general administrative expenses, such as rental expenses, professional fee, entertainment, travelling expenses and office expenses, etc.

Finance costs

Finance costs of approximately HK$76.0 million for the year ended 31 December 2022 represented (i) the interest expenses of approximately HK$94.4 million for the borrowings; (ii) the finance charges of approximately HK$4.0 million on the lease liabilities; and (iii) capitalisation of interest of approximately HK$22.4 million in plants under development for prefabricated construction business for the year.

Liquidity and Financial Resources

As at 31 December 2022, the cash and cash equivalents of the Group amounted to approximately HK$25.1 million (2021: approximately HK$461.4 million) and the current ratio of the Group is 0.9 (2021: 1.1).

As at 31 December 2022, the borrowings of the Group amounted to approximately HK$1,771.1 million (31 December 2021: approximately HK$2,179.3 million) and the net gearing ratio, calculated as net debt divided by total equity, is 59.9% (2021: 50.8%).

FINAL DIVIDEND

Under the Dividend Policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the board of directors of the Company shall take into account, among others, the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the shareholders of the Company. Declaration of dividend by the Company is also subject to the Laws of Bermuda, the Bye-Laws of the Company and any applicable laws, rules and regulations.

The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend payment of any dividend for the year ended 31 December 2022 (31 December 2021: HK$0.01 per Share).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company ("**AGM**") will be held on Wednesday, 24 May 2023. A notice convening the AGM will be published in due course in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023, both dates inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 18 May 2023.

GENERAL INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders. During the year ended 31 December 2022, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules, except for the following:

(a) Code provision C.1.6 provides that non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to their respective business engagements and travel restrictions as a result of COVID-19, Mr. Wang Jun was unable to attend the annual general meetings of the Company held on 24 May 2022. The Company will arrange video conference and ensure proper equipment are in place for such meetings in the future in order to provide more flexibility.

Save as disclosed above, the principles as set out in the Code have been applied in our corporate governance structure throughout the year. The Board has taken actions and measures to make sure that the Company is in all aspects in strict compliance with the Listing Rules and the Code. The current practices are reviewed and updated regularly to be in line with the local and international corporate governance practices.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to the specific enquiry made to all Directors by the Company, all the Directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2022, the Company repurchased 1,065,000 Shares in total in open market on the Stock Exchange at a total consideration of HK$439,000. All repurchased Shares were not yet cancelled on 31 December 2022. Details of the Shares repurchased are as follows:

Month	**Total number of Shares repurchased**	**Price paid per Share**		**Aggregate consideration**
		Highest	**Lowest**	
		(HK$)	*(HK$)*	*(HK$)*
October 2022	125,000	0.450	0.410	54,000
November 2022	380,000	0.440	0.415	161,000
December 2022	560,000	0.415	0.385	224,000
Total	1,065,000			439,000

The reason for implementing the Share repurchase is that the Board believes that the trading price of the Shares does not reflect their intrinsic value and that this is a good opportunity for the Company to repurchase the Shares, thereby increasing the value of the Shares and improving the return to Shareholders.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2022.

MATERIAL EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2022

As at the date of this announcement, there were no material events after the year ended 31 December 2022.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from the independent auditor of the Group on the consolidated financial statements of the Group for the year ended 31 December 2022.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements, which states that as at 31 December 2022, the Group's current liabilities exceeded its current assets by HKD271,834,000. At the same date, the Group's current borrowings amounted to HKD916,732,000 while its cash and cash equivalents amounted to HKD25,120,000 only. For the year ended 31 December 2022, the Group failed to repay an instalment of RMB20,000,000 (equivalent to HKD22,389,647) for one commercial bank borrowing due on 31 December 2022, which constituted an event of default and resulted in the mentioned borrowing amounted to RMB115,000,000 (equivalent to HKD128,740,470) and the Group's other certain borrowings amounted to RMB25,000,000 (equivalent to HKD27,987,059) as at 31 December 2022 becoming immediately repayable if requested by the lender. As at 31 December 2022, there were various litigations against the Group which claimed by certain suppliers with respect to overdue payables amounted to approximately RMB130,122,000 (equivalent to HKD145,669,000) in total. In addition, the Group failed to repay another three commercial bank borrowings amounted to RMB33,000,000 (equivalent to HKD36,942,918) in total subsequent to 31 December 2022. Such conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Lee Chi Ming, Mr. Jiang Hongqing and Mr. Ma Lishan. The Audit Committee has reviewed with the management of the Company, the audited annual results of the Group for the year ended 31 December 2022 and considered that they were prepared in compliance with the relevant accounting standards.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT

This audited annual results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://dit.aconnect.com.hk). The Company's 2022 annual report containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board of
DIT Group Limited
Liu Weixing
Chairman and Executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises Mr. Liu Weixing (Chairman), Mr. Guo Weiqiang and Ms. Wang Jing as executive directors; Ms. Wu Wallis (alias Li Hua), Mr. Wang Jun and Mr. Guo Jianfeng as non-executive directors; Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan as independent non-executive directors.