

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DIT GROUP LIMITED

築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO THE DESIGN FRAMEWORK AGREEMENT

INTRODUCTION

The Board is pleased to announce that on 17 June 2022 (after trading hours), the Company entered into the Design Framework Agreement with Drawin Construction Design in relation to the provision of landscaping and decoration design services by the Drawin Construction Design Group to the Group's landscaping business and decoration business.

IMPLICATIONS UNDER THE LISTING RULES

Drawin Construction Design is an indirect wholly-owned subsidiary of Drawin Manufacture. As at the date of this announcement, Drawin Manufacture indirectly held approximately 57.36% of the total issued Shares, hence a controlling shareholder of the Company. Drawin Manufacture is also indirectly wholly-owned by Mr. Wu Po Sum, who is the father of Ms. Wu Wallis (alias Li Hua) (a non-executive Director). Therefore, each of Drawin Manufacture and Drawin Construction Design is a connected person of the Company under the Listing Rules. The transactions contemplated under the Design Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Design Framework Agreement is more than 0.1% but less than 5%, the contemplated transactions under the Design Framework Agreement constitute continuing connected transactions which are only subject to the annual review, reporting and announcement requirements and are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 17 June 2022 (after trading hours), the Company entered into the Design Framework Agreement with Drawin Construction Design in relation to the provision of landscaping and decoration design services by the Drawin Construction Design Group to the Group's landscaping business and decoration business.

PRINCIPAL TERMS OF THE DESIGN FRAMEWORK AGREEMENT

Date: 17 June 2022 (after trading hours)

Parties: (1) the Company; and
(2) Drawin Construction Design

Term: For a term commencing from 17 June 2022 to 31 December 2024 (both days inclusive). The Design Framework Agreement may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

Subject matters:

Pursuant to the Design Framework Agreement, the Drawin Construction Design Group shall provide landscaping and decoration design services, including building of the relevant design model, to the Group for its landscaping business and decoration business in the PRC, for which the Drawin Construction Design Group will charge the Group landscaping and decoration design fees (including material costs incidental to the building of design model, ancillary tools costs and other fees).

The Company is free to, from time to time, select other service providers for the provision of landscaping and decoration design services through the selection or bidding process. The Company will consider the tender proposals and compare the quotations from all bidders, including that from the Drawin Construction Design Group. During the selection process, the product research and development department of the Group will conduct in-depth evaluation based on a scoring system applicable to all bidders, which will each be assessed on areas including price, credentials (including past experience and qualifications), quality

of services, ability to satisfy specifications and safety standard. The product research and development department will then prepare a summary report and submit the same to the senior manager of internal audit department of the Group and the senior manager of the product research and development department of the Group for consideration and for making the final decision. Where the Drawin Construction Design Group is the only bidder, the Group will compare the quotation with the market price expected to be charged or offered by other service providers in the city or district in which the Group's landscaping business and decoration business are located, and where the relevant business timetable permits, invite price quotations from at least two other independent service providers for review and comparison purposes. The Group believes that the pricing of the landscaping and decoration design services is, in general, transparent and can be obtained through making enquiries with market participants. The tender price for provision of the landscaping and decoration design services is also available on the government websites of the public resources trading centers. The Group will contract with the Drawin Construction Design Group pursuant to the Design Framework Agreement if the price quoted by the Drawin Construction Design Group is lower than, or within the range of, that from other bidders or market price.

Pricing:

Pursuant to the Design Framework Agreement, the Drawin Construction Design Group shall not quote a contract price that is higher than the market rate within the industry. Under the Design Framework Agreement, the annual contract price for landscaping and decoration design services to be provided by the Drawin Construction Design Group to the Group for the term of the Design Framework Agreement shall not exceed RMB15,000,000 (equivalent to approximately HK\$17,594,000).

The contract price for landscaping and decoration design services is determined by the parties following arm's length negotiations and sets with reference to the average landscaping and decoration design services quoted from the other market participants in 2021 and the projected level of demand for landscaping and decoration design services of the Group for the term of the Design Framework Agreement.

Payment arrangement:

The Design Framework Agreement provides that details of the payment mechanism for all fees and payments due to the Drawin Construction Design Group pursuant to the Design Framework Agreement should be specified in the relevant service or supply contracts to be entered into by the relevant parties.

PROPOSED ANNUAL CAPS AND ESTIMATED TRANSACTION VALUES IN RESPECT OF THE TRANSACTIONS UNDER THE DESIGN FRAMEWORK AGREEMENT

Proposed Annual Caps for the Design Framework Agreement

Pursuant to Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap in respect of the maximum aggregate transaction amounts under the Design Framework Agreement over the term of the Design Framework Agreement. The Proposed Annual Caps thereunder are set out below:

	Proposed Annual Caps					
	For the year ending 31 December 2022 (from 17 June 2022 to 31 December 2022) <i>(equivalent to approximately</i> <i>(RMB)</i>		For the year ending 31 December 2023 (from 1 January 2023 to 31 December 2023) <i>(equivalent to approximately</i> <i>(RMB)</i>		For the year ending 31 December 2024 (from 1 January 2024 to 31 December 2024) <i>(equivalent to approximately</i> <i>(RMB)</i>	
Estimated maximum aggregate amounts payable:						
		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>
The Design Framework Agreement	15,000,000	17,594,000	15,000,000	17,594,000	15,000,000	17,594,000

The actual value of each transaction under the Design Framework Agreement will, when it is entered into, be determined according to the pricing mechanism set out in the Design Framework Agreement as described above.

Basis of determination

In arriving at the Proposed Annual Caps and the estimated transaction values under the Design Framework Agreement, the Directors have principally taken into consideration the following factors, including, (i) the Group's business plans and expected growth trend of its landscaping business and decoration business; (ii) the Group's expected demand for landscaping and decoration design services for the term of the Design Framework Agreement; (iii) the prevailing market price for comparable type of landscaping and decoration design services in the industry; (iv) the fluctuation in prices of the landscaping and decoration design services and the material costs incidental to the building of design model and ancillary tools costs; and (v) a slight buffer for unexpected additional demands for the landscaping and decoration design services required by the Group from the Drawin Construction Design Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DESIGN FRAMEWORK AGREEMENT

As the Company is principally engaged in the prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the PRC, it may require landscaping and decoration design services from time to time during the course of its ordinary business. The Drawin Construction Design Group has expertise in providing design services in various areas and has established a good reputation for its quality services in the industry. By selecting the Drawin Construction Design Group as a provider of such services, the Directors are of the view that the Group can benefit from its relatively low fee quote, its capabilities and competencies and its knowledge and familiarity of the Group's business needs and operational requirements. Leveraging the Drawin Construction Design Group's extensive experience and expertise in providing landscaping and decoration design services, it could assist in building the Group's reputation in its landscaping business and decoration business.

The Design Framework Agreement sets out coherent frameworks for further cooperation amongst the parties. By setting out certain key terms which the parties have agreed in-principle regarding future cooperation, including but not limited to pricing terms, the parties do not require prolonged negotiation and approval process in respect of any further cooperation each time when the parties propose to enter into specific contracts under the Design Framework Agreement.

The agreed terms stipulated under the Design Framework Agreement shall streamline the internal approval process and improve the project efficiency for further cooperation. The Group believes that the internal control measures as detailed in the sub-section headed "Internal Control Measures" can ensure the fairness and reasonableness of the transactions entered into pursuant to the Design Framework Agreement.

The Board (including all independent non-executive Directors, but excluding Ms. Wu Wallis (alias Li Hua), a non-executive Director and the daughter of Mr. Wu Po Sum, who indirectly holds the entire equity interest in Drawin Construction Design) is of the view that:

- (a) the terms and conditions of the Design Framework Agreement are on normal commercial terms which are fair and reasonable;
- (b) the Proposed Annual Caps is fair and reasonable; and
- (c) the Design Framework Agreement and the transactions contemplated thereunder were entered into and will be conducted in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interest of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge and belief after having made all reasonable enquiries, other than Ms. Wu Wallis (alias Li Hua) (a non-executive Director) who is the daughter of Mr. Wu Po Sum (who indirectly holds the entire equity interests in Drawin Construction Design), none of the Directors has a material interest in the Design Framework Agreement and the transactions contemplated thereunder. For good corporate governance purpose, Ms. Wu Wallis (alias Li Hua) had abstained from voting on the relevant Board resolutions approving the Design Framework Agreement and the transactions contemplated thereunder.

Internal Control Measures

The Company has adopted a number of internal control measures to safeguard the transactions under the Design Framework Agreement to be carried out in a fair and reasonable manner and in the interests of the Company and its Shareholders as a whole.

As disclosed in the section headed "PRINCIPAL TERMS OF THE DESIGN FRAMEWORK AGREEMENT", each time when the Group selects a service provider for the provision of landscaping and decoration design services, the Group will consider the quotation from the Drawin Construction Design Group and compare it with that from other bidders and the market prices expected to be charged or offered by other service providers in the city or district in which the Group's landscaping business and decoration business are located. During the selection process, the product research and development department of the Group will conduct in-depth evaluation based on a scoring system applicable to all bidders, which will each be assessed on areas including price, credentials (including past experience and qualifications), quality of services, ability to satisfy specifications and safety standard. The product research and development department will then prepare a summary report and submit the same to the senior manager of internal audit department of the Group and the senior manager of the product research and development department of the Group for consideration and for making the final decision. The Group will only contract with the Drawin Construction Design Group under the Design Framework Agreement if the price quoted by the Drawin Construction Design Group is lower than, or within the range of, the market price to be charged or offered by independent third parties. As such, there is no guarantee that the Drawin Construction Design Group will be selected as the service provider for the provision of the landscaping and decoration design services as there may be other readily available, comparable and competent service providers in the market for the Group to consider.

The Company intends to ensure ongoing compliance with such pricing policies by requiring the approval from the finance department of the Company for each proposed transaction to be entered into under the Design Framework Agreement. This shall enable regular monitoring of the pricing terms of each transaction proposed by the Drawin Construction Design Group. Furthermore, the finance department of the Company will monitor transaction volume under the Design Framework Agreement to ensure the Proposed Annual

Caps will not be exceeded. Monthly financial statements setting out the aggregate value of the transactions under the Design Framework Agreement will be submitted to the finance department of the Company.

INFORMATION OF THE PARTIES

The Company

The Company was incorporated as an exempted company with limited liability in Bermuda, the Shares of which are listed on the Stock Exchange. It is an investment holding company with subsidiaries principally engaged in the prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the PRC.

Drawin Construction Design

Drawin Construction Design is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of Drawin Manufacture. The principal business of Drawin Construction Design includes real property design and decoration and product design.

Drawin Manufacture

Drawin Manufacture is a company established under the laws of the PRC with limited liability. As at the date of this announcement, Drawin Manufacture indirectly held approximately 57.36% of the total issued Shares, thus an indirect controlling shareholder of the Company. Drawin Manufacture is also indirectly wholly-owned by Mr. Wu Po Sum, who is the father of Ms. Wu Wallis (alias Li Hua) (a non-executive Director). Drawin Manufacture is an investment holding company. Apart from holding equity interests in the Company, Drawin Manufacture, through its PRC subsidiaries, is principally engaged in general consultation and design of prefabricated construction business in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Drawin Construction Design is an indirect wholly-owned subsidiary of Drawin Manufacture. As at the date of this announcement, Drawin Manufacture indirectly held approximately 57.36% of the total issued Shares, hence a controlling shareholder of the Company. Drawin Manufacture is also indirectly wholly-owned by Mr. Wu Po Sum, who is the father of Ms. Wu Wallis (alias Li Hua) (a non-executive Director). Therefore, each of Drawin Manufacture and Drawin Construction Design is a connected person of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Design Framework Agreement is more than 0.1% but less than 5%, the contemplated transactions under the Design Framework Agreement constitute continuing

connected transactions which are only subject to the annual review, reporting and announcement requirements and are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	DIT Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Design Framework Agreement”	the agreement entered into between the Company and Drawin Construction Design on 17 June 2022 in relation to the provision of landscaping and decoration design services
“Director(s)”	the director(s) of the Company from time to time
“Drawin Manufacture”	Drawin Intelligent Manufacture Technology Industry Group Limited* (築友智造科技產業集團有限公司), a company established under the laws of the PRC with limited liability and an indirect controlling shareholder of the Company
“Drawin Construction Design”	Drawin Intelligent Construction Design Co., Ltd.* (築友智造建築設計有限公司) (formerly known as China Minsheng Drawin Construction Design Co., Ltd.* (中民築友建築設計有限公司)), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Drawin Manufacture
“Drawin Construction Design Group”	Drawin Construction Design and its subsidiaries from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Annual Caps”	the proposed annual caps in respect of the aggregate value for the transactions contemplated under the Design Framework Agreement over the term of the Design Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of par value HK\$0.40 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of HK\$1 = RMB0.85255. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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

Hong Kong, 17 June 2022

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.

* *For identification purpose only*