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DIT GROUP LIMITED

築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS — PARK DESIGN SERVICE ARRANGEMENT AND PC DESIGN SERVICE ARRANGEMENT

INTRODUCTION

The Board is pleased to announce that on 27 December 2023 (after trading hours), the Company entered into the Framework Agreement in relation to (a) the provision of design services by the Drawin Construction Design Group in respect of the Group's technology parks in the PRC, namely the Park Design Service Arrangement and (b) the provision of design services by the Drawin Construction Design Group in respect of the prefabricated construction components and products sold by the Group, namely the PC Design Service Arrangement.

LISTING RULES IMPLICATIONS

Drawin Construction Design is wholly-owned subsidiary of Drawin Manufacture. As at the date of this announcement, Drawin Manufacture indirectly held approximately 57.39% of the 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 of the Company). Therefore, each of Drawin Manufacture, and Drawin Construction Design is a connected person of the Company under the Listing Rules.

Further, as all of the applicable percentage ratios in respect of the Proposed PC Design Service Arrangement Annual Cap are less than 5%, the contemplated transaction under the PC Design Service Arrangement constitutes a continuing connected transaction which is subject to the annual review, reporting and announcement requirements, but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as all of the applicable percentage ratios in respect of the Park Design Service Arrangement annual cap are less than 5%, the contemplated transaction under the Park Design Service Arrangement constitutes connected transaction which is subject to the annual review, reporting and announcement requirements, but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 December 2023 (after trading hours):

- (i) the Company and Drawin Construction Design entered into the Park Design and PC Design Services Framework Agreement in relation to the Park Design Service Arrangement and the PC Design Service Arrangement respectively.

PRINCIPAL TERMS OF THE PARK DESIGN AND PC DESIGN SERVICES FRAMEWORK AGREEMENT

Date: 27 December 2023 (after trading hours)

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

Term: For a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive). Subject to compliance with relevant laws and regulations and the Listing Rules (including any necessary independent Shareholders' approval) as well as written agreement between the parties, the Park Design and PC Design Services Framework Agreement may be extended or renewed.

Subject matters:***Park Design Service Arrangement***

Pursuant to the Park Design Service Arrangement, the Drawin Construction Design Group may participate in the selection or bidding process arranged by the Group for the provision of design services for the Group's technology parks in the PRC. Upon selection of the Drawin Construction Design Group as the service provider through the selection or bidding process, Drawin Construction Design will provide, or procure its subsidiaries to provide, design services to the Group in respect of the Group's technology parks in the PRC in accordance with the terms of the tender and relevant service contract.

PC Design Service Arrangement

Pursuant to the PC Design Service Arrangement, the Drawin Construction Design Group may participate in the selection or bidding process arranged by the Group for provision of design services for the Group's prefabricated construction components and products. Upon selection of the Drawin Construction Design Group as the service provider through the selection or bidding process, Drawin Construction Design will provide, or procure its subsidiaries to provide, design services in respect of the prefabricated construction components and products sold by the Group in accordance with the terms of the tender and relevant service contract.

The Park Design and PC Design Services Framework Agreement is on a non-exclusive basis. The Group will contract with the Drawin Construction Design Group pursuant to the Park Design and PC Design Services 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 prices.

Pricing:

Under the Park Design Service Arrangement, the contract price for the design services to be provided by the Drawin Construction Design Group to the Group should be determined with reference to the estimated costs of the design services plus a profit margin and management fee of not more than 5% of the design costs. Subject to the actual size of the park for which the design is rendered, the final contract price may be adjusted. Pursuant to the Park Design and PC Design Services Framework Agreement, the Drawin Construction Design Group shall not quote a contract price for technology park design services higher than the market rate within the industry.

Under the PC Design Service Arrangement, the contract price for the design services in respect of the prefabricated construction components and products to be sold by the Group to third parties should be determined with reference to the estimated costs of the design

services plus a profit margin and management fee of not more than 5% of the design costs. Subject to the actual volume of the prefabricated construction component and products for which the design is rendered, the final contract price may be adjusted. Pursuant to the Park Design and PC Design Services Framework Agreement, the Drawin Construction Design Group shall not quote a contract price for prefabricated construction components and products design services higher than the market rate within the industry.

Payment arrangements:

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

Historical Transaction Amounts:

Park Design Service Arrangement

Set out below is the historical transaction amounts of the Park Design Service Arrangement for the previous three financial years ending 31 December 2023:

	For the financial year commencing from 1 January		
	2021	2022	2023
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)	(Unaudited)
Estimated transaction value	6,500,000	7,000,000	7,000,000
Actual transaction amount	3,602,000	1,064,000	0
			(for the nine months ended 30 September 2023)

PC Design Service Arrangement

Set out below is the historical transaction amounts of the PC Design Service Arrangement for the previous three financial years ending 31 December 2023:

	For the financial year commencing from 1 January		
	2021	2022	2023
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)	(Unaudited)
Annual cap	2,500,000	4,500,000	6,000,000
Actual transaction amount	2,463,000	3,338,000	62,000
			(for the nine months ended 30 September 2023)

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

Proposed Annual Caps for the PC Design Service Arrangement

The Proposed PC Design Service Arrangement Annual Cap are set out below:

	Proposed annual caps		
	Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
The PC Design Service Arrangement	6,000,000	6,000,000	6,000,000

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

Estimated transaction value under the Park Design Service Arrangement

The Company estimates that the maximum value of the transactions under the Park Design Service Arrangement are as follows

	Estimated transaction values		
	Year ending	Year ending	Year ending
	31 December	31 December	31 December
	2024	2025	2026
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
The Park Design Service Arrangement	7,000,000	7,000,000	7,000,000

The actual value of each transaction under the Park Design Service Arrangement will, when it is entered into, be determined according to the pricing mechanism set out in the Framework Agreement and the relevant supply or service contracts as described above.

Basis of determination

In arriving at the Proposed PC Design Service Arrangement Annual Cap and the estimated transaction values under the Park Design Service Arrangement, the Directors have taken into consideration of the historical transaction amounts and also the following factors:

- (i) in respect of the Park Design Arrangement,
 - (a) the aggregate estimated area of the technology parks which the Group plans to finalise their design for the term;
 - (b) the contract price for the technology park design services that may be quoted by Drawin Construction Design Group to the Group shall not exceed market rate in the industry; and
 - (c) the estimation by the Group that the demand for technology park design services will be satisfied by Drawin Construction Design Group based on past experience, taking into account of a number of factors, including the design fees offered by the Drawin Construction Design Group, the project efficiency and smooth communication between the Group and the Drawin Construction Design Group in the park design process;
- (ii) in respect of the PC Design Service Arrangement,
 - (a) the level of demand for prefabricated construction units from 2024 to 2026; and

- (b) the contract price for the product design service that may be quoted by the Drawin Construction Design Group shall not exceed market rate in the industry.

It is the belief of the Company that the PRC government policies will support the development of the Group's prefabricated construction unit business in the PRC. Hence it is necessary to maintain stable business relationship with the Drawin Construction Design Group for its business growth and has therefore set the proposed annual caps/estimated transaction values at the proposed level.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE FRAMEWORK AGREEMENT

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. For the past years, the Group has established presence predominantly in the eastern and central regions of the PRC. The Drawin Intelligent Construction Technology Group has expertise and has established stable relationship with the Group. The Drawin Construction Design Group has assisted the Group in Park Design Service Arrangement and PC Design Service Arrangement for years and the services provided by Drawin Construction Design Group met the needs of the Group. As such, by entering into of the Framework Agreement, the Directors are of the view that the Group can benefit from the respective relatively low fee quote, its respective capabilities and competencies in securing good quality services or units, whereas the respective knowledge and familiarity of the Group's business will add values to the collaboration.

Drawin Construction Design, which engages in design business, has the requisite capabilities and competencies designing the technology parks of the Group, as well as the prefabricated construction components and products of the Group. The Group may thereby leverage of the expertise of the Drawin Intelligent Construction Technology Group and the Drawin Construction Design Group as general contractor through the Park Design Service Arrangement and the PC Design Service Arrangement.

The 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 Park Design Service Arrangement and the PC Design Service Arrangement. The agreed terms stipulated under the 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” below can ensure the fairness and reasonableness of the transactions entered into pursuant to the Framework Agreement.

The Board (including all the independent non-executive Directors but excluding Ms. Wu Wallis (alias Li Hua)) is of the view that:

- (i) the terms and conditions of the Framework Agreement are on normal commercial terms and are fair and reasonable to the Company and its Shareholders as a whole;
- (ii) the Park Design Service Arrangement and the PC Design Service Arrangement and the transactions contemplated thereunder, together with the proposed annual cap and the estimated transaction values thereunder are fair and reasonable; and
- (iii) the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and will be conducted in the ordinary and usual course of business of the Group and are in the interest of the Company and its Shareholders as a whole.

To the best of the Directors’ knowledge, information and belief 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 Manufacture), none of the Directors has a material interest in the 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 Framework Agreement and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

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

Each time when the Group selects a contractor for the provision of technology park design services or prefabricated construction components and products 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 (in the case of technology park design services) the relevant technology park being constructed is located or (in the case of product design services) the prefabricated construction components are to be supplied to customers of the Group (as applicable). During the selection process, the investment management 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 (as applicable). The investment management department will then prepare a summary report and submit the same to the head of legal and risk management department of the Group and the deputy general manager of the investment management 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 relevant Framework Agreement if the price quoted by them 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 contractor for the provision of the relevant services as there may be other readily available, comparable and competent contractors 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 Park Design Service Arrangement and the PC Design Service Arrangement. This shall enable regular monitoring of the pricing terms of each transaction proposed by the Drawin Construction Design Group under the relevant arrangements. Furthermore, the finance department of the Company will monitor transaction volume under (i) the Park Design Service Arrangement, and (ii) the PC Design Service Arrangement to ensure the relevant proposed annual cap or the estimated transaction values will not be exceeded. Monthly financial statements setting out the aggregate value of the transactions under (i) the Park Design Service Arrangement, and (ii) the PC Design Service Arrangement 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 prefabricated construction business and property investment 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 57.39% of the 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 of the Company). Drawin Manufacture, through its PRC subsidiaries, is principally engaged in general consultation and design of prefabricated construction business in the PRC.

LISTING RULES IMPLICATIONS

Drawin Construction Design is both wholly-owned subsidiaries of Drawin Manufacture. As at the date of this announcement, Drawin Manufacture indirectly held approximately 57.39% of the 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 all of the applicable percentage ratios in respect of the Proposed PC Design Service Arrangement Annual Cap are less than 5%, the contemplated transaction under the PC Design Service Arrangement constitutes a continuing connected transaction which is subject to the annual review, reporting and announcement requirements, but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as all of the applicable percentage ratios in respect of the Park Design Service Arrangement annual cap are less than 5%, the contemplated transaction under the Park Design Service Arrangement constitutes connected transaction which is subject to the annual review, reporting and announcement requirements, but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“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
“Director(s)”	the director(s) of the Company from time to time
“Drawin Construction Design”	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
“Drawin Intelligent Construction Technology”	Drawin Intelligent Construction Technology Group Co., Ltd.* (築友智造建設科技集團有限公司) (formerly known as China Minsheng Drawin Construction Technology Group Co., Ltd. (中民築友建設科技集團有限公司)), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Drawin Manufacture
“Drawin Intelligent Construction Technology Group”	Drawin Intelligent Construction Technology and its subsidiaries 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) (formerly known as China Minsheng Drawin Technology Industry Limited* (中民築友科技產業有限公司)), a company established under the laws of the PRC with limited liability and an indirect controlling shareholder of the Company
“Drawin Manufacture Group Entities”	Drawin Manufacture and its subsidiaries from time to time, but excluding the Group for the purposes of this announcement
“Framework Agreement”	the Park Design and PC Design Services Framework Agreement
“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 PRC
“Independent Shareholders”	all Shareholders other than the Shareholders with a material interest in the Framework Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Park Design and PC Design Services Framework Agreement”	the framework agreement entered into between the Company and Drawin Construction Design on 27 December 2023 in relation to the Park Design Service Arrangement and the PC Design Service Arrangement
“Park Design Service Arrangement”	the provision of design services by Drawin Construction Design Group to the Group in respect of the Group’s technology parks in the PRC
“PC Design Service Arrangement”	the provision of design services by Drawin Construction Design Group to the Group in respect of the prefabricated construction components and products sold by the Group
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed PC Design Service Arrangement Annual Cap”	the proposed annual cap in respect of the PC Design Service Arrangement over the term of the Park Design and PC Design Services Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) 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 this term under the Listing Rules

“%” per cent

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

Hong Kong, 27 December 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.