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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
DISPOSAL OF 99% EQUITY INTERESTS IN A SUBSIDIARY**

INTRODUCTION

The Board is pleased to announce that on 19 December 2019 (after trading hours), Drawin Investment (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, Drawin Investment has agreed to sell, and the Purchaser has agreed to purchase, the Target Equity Interests, representing 99% of the equity interests of the Target Company, at a consideration of RMB111,177,000 (equivalent to approximately HK\$123,661,906).

Upon Completion, the Target Company will cease to be a subsidiary of the Company, whilst the Company will retain an indirect 1% equity interests in the Target Company.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

- Date : 19 December 2019
- Parties : (1) Drawin Investment (as vendor)
- (2) The Purchaser (as purchaser)

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Target Equity Interests, representing 99% of the equity interests of the Target Company.

Consideration

The Consideration for the Disposal shall be RMB111,177,000 (equivalent to approximately HK\$123,661,906), which shall be payable by the Purchaser to Drawin Investment in accordance with the following manner:

- (1) RMB60,000,000 shall be payable by the Purchaser to Drawin Investment by bank transfer before 30 December 2019;
- (2) RMB49,484,000 shall be payable by the Purchaser to Drawin Investment by bank transfer before 15 January 2020; and
- (3) RMB1,693,000 shall be payable by the Purchaser to Drawin Investment at such time and in such manner as separately agreed between the parties.

The Consideration was determined after arm's length negotiation between Drawin Investment and the Purchaser, having regard to the valuation of the net asset value of the Target Company of RMB112,360,000 as at 10 December 2019 and the amount of the outstanding borrowings and accounts receivables of the Target Company.

Completion

On the Completion Date, Drawin Investment shall transfer the Target Equity Interests to the Purchaser, and complete the relevant registration procedures for the change in shareholder with the PRC authorities.

INFORMATION OF THE TARGET COMPANY

The Target Company was established under the laws of the PRC with limited liability on 29 October 2019 and is an indirect wholly-owned subsidiary of the Company. Since its establishment, it has not carried out any material business and does not have any material asset, apart from winning the bid for the acquisition of the land use rights of the Land, nor has it recorded any revenue.

The unaudited net loss before and after taxation of the Target Company for the period from its establishment to 10 December 2019 was approximately RMB665 and RMB665 respectively.

The unaudited net asset value of the Target Company as at 10 December 2019 was approximately RMB9,999,000. According to the valuation report issued by an independent valuer, the valuation of the net asset value of the Target Company was RMB112,360,000 as at 10 December 2019.

The Land is located at the intersection of North Side of Taiqing Road, South Side of Huifeng Road and West Side of Guihau Road, Zhoukou City, Henan Province, the PRC with a total site area of approximately 167,651 m² for residential and industrial purposes.

The Target Company won the bid for the acquisition of the land use rights of the Land through the public auction and bidding process in November 2019 for a consideration of RMB603,550,000, and the consideration shall be settled by the Target Company after the Completion.

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 Investment

Drawin Investment is a company established under the laws of the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and is mainly engaged in construction industrialization.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability, and is indirectly wholly-owned by Henan Jiyuan Iron and Steel (Group) Co., Ltd.* (河南濟源鋼鐵(集團)有限公司), which is principally engaged in property development.

To the best of the Directors' knowledge, information and belief and having made all reasonable inquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

FINANCIAL EFFECT OF THE DISPOSAL AND THE USE OF PROCEEDS

As of the date of this announcement, Drawin Investment owned the entire equity interests in the Target Company. Upon Completion, the Purchaser will hold 99% equity interests in the Target Company, and Drawin Investment will hold 1% equity interests in the Target Company; hence, the Target Company will cease to be a subsidiary of the Company and its financial result will no longer be consolidated into the Group's financial statements.

It is expected that the Company will record a gain of approximately RMB101,277,000 as a result of the Disposal which is calculated by reference to the Consideration and the net asset value of the Target Company. The actual gain of the Company resulting from the Disposal to be recorded by the Company is subject to audit, and will be calculated based on the net asset value of the Target Company as at the Completion Date, and the related expenses incurred by the Company in relation to the Disposal, and therefore may vary from the figure set out above.

The net proceeds from the Disposal will be used for the general corporate purposes of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

As set out above, the Target Company has not carried out any material business and does not have any material asset, apart from winning the bid for the acquisition of the land use rights of the Land. The Disposal can generate a gain of approximately RMB101,277,000 to the Group. The Board believes that the Group can better utilize its resources by investing the proceeds generated from the Disposal in the Group's existing projects which may provide better return for its Shareholders.

Having considered the benefits of the Disposal and the terms of the Disposal, the Board is of the view that the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder have been negotiated on an arm's length basis and on normal commercial terms, in the ordinary course of business, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder and therefore no Director has abstained from voting on the relevant Board resolution approving the Sale and Purchase Agreement.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 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
“Completion”	completion of the Disposal
“Completion Date”	a date falling within three business days of the execution of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB111,177,000, being the consideration for the Target Equity Interests under the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Target Equity Interests by Drawin Investment to the Purchaser pursuant to the Sale and Purchase Agreement
“Drawin Investment”	China Minsheng Drawin Technology Investment Limited* (中民築友科技投資有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the stated-owned construction land with land plot number ZK2019-35 situated at the intersection of North Side of Taiqing Road, South Side of Huifeng Road and West Side of Guihau Road, Zhoukou City, Henan Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Henan Jigang Real Estate Development Limited Liability Company* (河南濟鋼房地產開發有限責任公司), a company established under the laws of the PRC with limited liability

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a sale and purchase agreement dated 19 December 2019 entered into between Drawin Investment and the Purchaser in relation to the Disposal
“Share(s)”	the ordinary share(s) of par value HK\$0.10 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
“Target Company”	Zhoukou Jianheng Real Estate Development Co., Ltd.* (周口建恆房地產開發有限公司), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Drawin Investment
“Target Equity Interests”	99% of the equity interests in the Target Company

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of HK\$1 = RMB0.89904. 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 of
DIT Group Limited
Wu Po Sum
Chairman and Executive Director

Hong Kong, 19 December 2019

As at the date of this announcement, the Board comprises Mr. Wu Po Sum (Chairman), Mr. Guo Weiqiang and Mr. Yang Hongwei as executive Directors; Ms. Wu Wallis (alias Li Hua) and Mr. Wang Jun as non-executive Directors; Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan as independent non-executive Directors.

* *For identification purpose only*