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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 TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE**

#### **PROVISION OF MORTGAGE**

On 30 March 2020 (after trading hours), Tianjin Drawin (an indirect wholly-owned subsidiary of the Company) entered into the Mortgage Agreement with the Bank, pursuant to which Tianjin Drawin agreed to provide the Mortgage in favour of the Bank as security for the repayment obligations of Drawin Manufacture (an indirect controlling shareholder of the Company) under the Loan Agreement in respect of a loan facility of up to RMB15,000,000 granted by the Bank to Drawin Manufacture for on-lending to Drawin Investment (an indirect wholly-owned subsidiary of the Company) on the same terms as the Loan Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Drawin Manufacture indirectly held approximately 63.5% 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 an executive Director; hence, Drawin Manufacture is a connected person of the Company under the Listing Rules. The provision of the Mortgage by Tianjin Drawin under the Mortgage Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As stated in the announcement of the Company dated 2 December 2019, Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) (an indirect wholly-owned subsidiary of the Company) entered into a mortgage agreement with the Bank, pursuant to which, Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) agreed to provide the Xiangtan Mortgage in favour of the Bank as security for the repayment obligations of Drawin Manufacture under a loan agreement in respect of a loan facility of up to RMB40,000,000 granted by the Bank to Drawin Manufacture. The provision of the Xiangtan Mortgage constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to reporting and announcement requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

As both Tianjin Drawin and Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) are indirect wholly-owned subsidiaries of the Company, and the provision of the Mortgage and the Xiangtan Mortgage were both entered into within a 12-month period and are of similar nature, the transactions thereunder shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios in respect of the provision of the Mortgage, when aggregated with the Xiangtan Mortgage, are more than 0.1% but less than 5%, the provision of the Mortgage is subject to reporting and announcement requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

The on-lending of the loan from Drawin Manufacture to Drawin Investment also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, but is fully exempted from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

## **INTRODUCTION**

On 30 March 2020 (after trading hours), Tianjin Drawin (an indirect wholly-owned subsidiary of the Company) entered into the Mortgage Agreement with the Bank, pursuant to which Tianjin Drawin agreed to provide the Mortgage in favour of the Bank as security for the repayment obligations of Drawin Manufacture (an indirect controlling shareholder of the Company) under the Loan Agreement in respect of a loan facility of up to RMB15,000,000 granted by the Bank to Drawin Manufacture for on-lending to Drawin Investment (an indirect wholly-owned subsidiary of the Company) on the same terms as the Loan Agreement.

## **LOAN AGREEMENT**

The maximum principal amount of the Loan is RMB15,000,000. The Loan bears interest at a rate of 6.5% per annum for a term of 12 months commencing from the date of drawdown. The repayment obligations of Drawin Manufacture under the Loan Agreement is secured by the Mortgage, among others, and the provision of the Mortgage is one of the conditions under the Loan Agreement.

Upon drawdown of the Loan from the Bank in accordance with the Loan Agreement, it is proposed that Drawin Manufacture will on-lend the Loan to Drawin Investment (an indirect wholly-owned subsidiary of the Company which directly holds the entire equity interests in Tianjin Drawin) as a shareholder's loan at the same repayment terms and interest rate as those set out in the Loan Agreement, without receiving any fee or commission nor any counter-security or guarantee from Drawin Investment, in support of the Group's business development.

## **MORTGAGE AGREEMENT**

Date: 30 March 2020 (after trading hours)

Parties: (1) Tianjin Drawin (as the mortgagor under the Mortgage Agreement)

(2) The Bank (as the mortgagee under the Mortgage Agreement)

The principal terms of the Mortgage Agreement are as follows:

Term: Five years from the date of the Mortgage Agreement

Collaterals: the land use rights of a stated-owned construction land with title certificate number of Jin (2019) Real Estate Title of Dongli District No.1112838 (with a gross floor area of approximately 55,474.5m<sup>2</sup>) with an aggregate mortgaged value of RMB42,720,000 owned by Tianjin Drawin

Consideration: Tianjin Drawin will not receive any fee or commission from providing the Mortgage under the Mortgage Agreement.

Scope of mortgage security: The scope of mortgage security includes the entire principal amount of the indebtedness, interests, overdue interest, interest overdue fine, penalty interest, liquidated damages, loss of accessible interests due to early collection of loans by the Bank in accordance with the Loan Agreement, compensation and the costs incurred by the Bank in realizing the creditor's rights (including but not limited to litigation fees, implementation fees, expenses in realizing creditor's rights and enforcement, transfer fee, attorney fees and travel expenses) and other payables, arising from the Loan Agreement between Tianjin Drawin and the Bank.

## **INFORMATION ON THE GROUP, TIANJIN DRAWIN, DRAWIN MANUFACTURE AND THE BANK**

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.

Tianjin Drawin 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 industrialisation.

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 63.5% 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 an executive Director. Drawin Manufacture is an investment holding company. Apart from the 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.

To the best knowledge of the Directors, the Bank is a licensed commercial bank in the PRC and provides a variety of financial products and services to corporate and personal banking customers. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Bank and its ultimate beneficial owners is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE MORTGAGE**

In the course of business development, the Group seeks various source of financing from time to time. The Group has recently explored the possibility of obtaining a loan of the same amount as the Loan from commercial banks with similar collaterals as the Mortgage. However, the proposed terms of such loan offered to the Group are not as favourable as the terms offered to Drawin Manufacture by the Bank in the Loan Agreement. Drawin Manufacture, being an indirect controlling shareholder of the Company, therefore proposed to obtain the Loan from the Bank and, in accordance with the terms of the Loan Agreement, on-lend the same to Drawin Investment as a shareholder's loan at the same repayment terms and interest rate as those set out in the Loan Agreement, without receiving any fee or commission nor any counter-security or guarantee from Drawin Investment for such arrangement. As the provision of the Mortgage is one of the conditions of the Loan under the Loan Agreement, the Directors believe that the provision of the Mortgage will facilitate Drawin Manufacture to obtain the Loan from the Bank for on-lending to Drawin Investment in support of the Group's business development and which in turn is beneficial to the Company and its shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Mortgage Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Drawin Manufacture indirectly held approximately 63.5% 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 an executive Director; hence, a connected person of the Company under the Listing Rules. The provision of the Mortgage by Tianjin Drawin under the Mortgage Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As stated in the announcement of the Company dated 2 December 2019, Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) (an indirect wholly-owned subsidiary of the Company) entered into a mortgage agreement with the Bank, pursuant to which, Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) agreed to provide the Xiangtan Mortgage in favour of the Bank as security for the repayment obligations of Drawin Manufacture under a loan agreement in respect of a loan facility of up to RMB40,000,000 granted by the Bank to Drawin Manufacture. The provision of the Xiangtan Mortgage constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to reporting and announcement requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

As both Tianjin Drawin and Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) are indirect wholly-owned subsidiaries of the Company, and the provision of the Mortgage and the Xiangtan Mortgage were both entered into within a 12-month period and are of similar nature, the transactions thereunder shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios in respect of the provision of the Mortgage, when aggregated with the Xiangtan Mortgage, are more than 0.1% but less than 5%, the provision of the Mortgage is subject to reporting and announcement requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

The provision of the Shareholder's Loan by Drawin Manufacture to Drawin Investment also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Shareholder's Loan is conducted on normal commercial terms or better and the Shareholder's Loan is not secured by any assets of the Group, the Shareholder's Loan is fully exempted from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

To the best of the Directors' knowledge and belief after having made all reasonable enquiries, other than (1) Mr. Wu Po Sum (an executive Director) who indirectly holds the entire equity interests in Drawin Manufacture, and (2) Ms. Wu Wallis (alias Li Hua) (a non-executive Director) who is the daughter of Mr. Wu Po Sum, none of the Directors has a material interest in the Mortgage Agreement, the Shareholder's Loan and the transactions contemplated thereunder. Other than Mr. Wu Po Sum and Ms. Wu Wallis (alias Li Hua) who had abstained from voting on the relevant Board resolutions approving the Mortgage Agreement, the Shareholder's Loan and the transactions contemplated thereunder for good corporate governance purpose, none of the other Directors was required to abstain from voting on the relevant Board resolutions.

## DEFINITIONS

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as set forth below:

“Bank”	Yuhua Sub-branch of Changsha Rural Commercial Bank Co., Ltd., a licensed commercial bank in the PRC, being the lender under the Loan Agreement
“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”	has the meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“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
“Drawin Manufacture”	Drawin Intelligent Manufacture Technology Industry 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, being the borrower under the Loan Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party who is independent of and not connected with the Company and the connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of up to RMB15,000,000 granted by the Bank to Drawin Manufacture in accordance with the terms of the Loan Agreement and subject to the conditions therein

“Loan Agreement”	the loan agreement dated 30 March 2020 entered into between Drawin Manufacture and the Bank, pursuant to which, the Bank agreed to grant the Loan to Drawin Manufacture
“Mortgage”	the mortgage provided by Tianjin Drawin with its land use rights of a stated-owned construction land (with a gross floor area of approximately 55,474.5m <sup>2</sup> ) to the Bank pursuant to the Mortgage Agreement
“Mortgage Agreement”	the mortgage agreement dated 30 March 2020 entered into between Tianjin Drawin and the Bank, pursuant to which, Tianjin Drawin agreed to provide the Mortgage in favour of the Bank as security for the repayment obligations of Drawin Manufacture under the Loan Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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)
“Shareholder’s Loan”	the proposed unsecured shareholder’s loan in the amount of RMB15,000,000 to be provided by Drawin Manufacture to Drawin Investment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Drawin”	Tianjin China Minsheng DIT Limited* (天津中民築友智造科技有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Xiangtan Mortgage”

the mortgage provided by Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) with its land use rights of a stated-owned construction land and six constructions in process thereon (with a gross floor area of approximately 89,025m<sup>2</sup>) to the Bank pursuant to a mortgage agreement dated 29 November 2019 entered into between Xiangtan China Minsheng Drawin Technology Limited\* (湘潭中民築友科技有限公司) and the Bank

By order of the Board of

**DIT Group Limited**

**Wu Po Sum**

*Chairman and Executive Director*

Hong Kong, 30 March 2020

*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*