

THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult a licensed security dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in DIT Group Limited, you should at once hand this Circular, together with the enclosed form of proxy to the purchaser or the transferee or to the licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**FRAMEWORK AGREEMENTS IN RELATION TO
(1) CONNECTED AND DISCLOSEABLE TRANSACTIONS —
EPC SERVICE ARRANGEMENT AND
PARK DESIGN SERVICE ARRANGEMENT;
AND
(2) CONTINUING CONNECTED TRANSACTION —
SUPPLY ARRANGEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



富強金融資本
FORTUNE FINANCIAL CAPITAL

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “DEFINITIONS” in this Circular.

A letter from the Board is set out on pages 6 to 23 of this Circular. A letter of advice containing the recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 24 to 25 of this Circular. A letter of advice from Fortune Financial Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 55 of this Circular.

A notice convening the SGM to be held at Unit Nos. 7707-7708, 77/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 26 May 2021 at 10:45 a.m. (or immediately after the conclusion of the annual general meeting to be held on the same day) is set out on pages 60 to 62 of this Circular. A form of proxy for use at the SGM is enclosed with this Circular. Whether or not you are able to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the special general meeting, including:

- **compulsory temperature checks**
- **compulsory wearing of surgical face masks for each attendee**
- **no distribution of corporate gifts or refreshments**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue of the special general meeting. The Company also encourages its shareholders to consider appointing the chairman of the meeting as its/his/her proxy to vote on the relevant resolutions at the special general meeting as an alternative to attending the meeting in person.

4 May 2021

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PRECAUTIONARY MEASURES FOR SPECIAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (“COVID-19”) epidemic and recent requirements, if any, for prevention and control of its spread, the Company will implement the following preventive measures at the SGM:

- (i) Compulsory body temperature check will be conducted on every shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (ii) Shareholders that (a) have travelled, and have been in close contact with any person who has travelled, outside of Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days; (b) are, and have been, in close contact with any person who is, subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (c) are, and have been, in close contact with anyone who has contracted COVID-19, has been tested preliminarily positive of COVID-19 or is suspected of contracting COVID-19; or (d) have any flu-like symptoms, may be denied entry into the SGM venue and be asked to leave the SGM venue.
- (iii) All shareholders, proxies and other attendees are required to wear surgical face masks inside the SGM venue at all times. Any person who does not comply with this requirement may be denied entry into the SGM venue and be asked to leave the SGM venue. A safe distance between seats are also recommended.
- (iv) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders’ health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative to attending the meeting in person, shareholders are encouraged to consider appointing the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM by submitting forms of proxy with voting instructions inserted.

The form of proxy is attached to this circular for shareholders who opt to receive printed copies of the Company’s corporate communications. Alternatively, the form of proxy can be downloaded from the Company’s website at <http://dit.aconnect.com.hk> and the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk>. If you are not a registered shareholder (if your shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

DEFINITIONS

In this Circular, the following terms and expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Circular”	this circular issued by the Company in accordance with the Listing Rules in respect of the transactions contemplated under the Framework Agreements
“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 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 Circular

DEFINITIONS

“EPC”	engineering, procurement and construction
“EPC Service Arrangement”	the provision of EPC general contracting services by the Drawin Intelligent Construction Technology Group to the Group for the development of the Group’s technology parks in the PRC as set out in the Framework Agreement I
“Framework Agreement I”	the agreement entered into between the Company and Drawin Intelligent Construction Technology on 18 March 2021 in relation to the EPC Service Arrangement
“Framework Agreement II”	the agreement entered into between the Company and Drawin Intelligent Construction Technology on 18 March 2021 in relation to the Supply Arrangement
“Framework Agreement III”	the agreement entered into between the Company and Drawin Construction Design on 18 March 2021 in relation to the Park Design Service Arrangement
“Framework Agreements”	the Framework Agreement I, the Framework Agreement II and the Framework Agreement III
“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
“Independent Board Committee”	an independent board committee of the Board comprising all three (3) independent non-executive Directors, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming, and Mr. Ma Lishan, established to advise the Independent Shareholders in respect of the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement) and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser”	Fortune Financial Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement) and the transactions contemplated thereunder
“Independent Shareholders”	all Shareholders other than the Shareholders with a material interest in the Framework Agreements and the transactions contemplated thereunder
“Latest Practicable Date”	29 April 2021, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 as set out in the Framework Agreement III
“PRC”	the People’s Republic of China which, for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Framework Agreement I”	the framework agreement entered into between the Company and Drawin Intelligent Construction Technology on 11 May 2020 in relation to the EPC service arrangement and the supply arrangement for 2020
“Previous Framework Agreement II”	the framework agreement entered into between the Company and Drawin Construction Design on 11 May 2020 in relation to the technology park design service arrangement and prefabricated construction components and products design service arrangement for 2020
“Previous Framework Agreements”	the Previous Framework Agreement I and the Previous Framework Agreement II
“Proposed Supply Arrangement Annual Cap”	the proposed annual cap in respect of the Supply Arrangement over the term of the Framework Agreement II

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Unit Nos. 7707-7708, 77/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 26 May 2021 at 10:45 a.m. (or immediately after the conclusion of the annual general meeting to be held on the same day) or any adjournment thereof for the Independent Shareholders to consider and, if thought fit, approve the EPC Service Arrangement, the Supply Arrangement, the Park Design Service Arrangement and the terms of the EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement contemplated under the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement), the notice of which is set out on pages 60 to 62 of this Circular
“Share(s)”	the ordinary share(s) of par value HK\$0.40 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the 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)
“Supply Arrangement”	the supply of prefabricated construction components and products by the Group to the Drawin Intelligent Construction Technology Group for its construction projects engaged by third party developers or contractors as set out in the Framework Agreement II
“%”	per cent

For the purpose of illustration only, amounts denominated in RMB in this Circular have been translated into HK\$ at the rate of HK\$1 = RMB0.83372. 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.

* The English names of the PRC entities mentioned in this Circular marked with “*” are translations from their Chinese names and are for identification purposes only. In case of any inconsistency, the Chinese names shall prevail.

LETTER FROM THE BOARD



DIT GROUP LIMITED

築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

Executive Directors:

Mr. Liu Weixing (*Chairman*)
Mr. Guo Weiqiang (*Chief Executive Officer*)
Ms. Wang Jing

Non-Executive Directors:

Ms. Wu Wallis (alias Li Hua)
Mr. Wang Jun

Independent Non-Executive Directors:

Mr. Jiang Hongqing
Mr. Lee Chi Ming
Mr. Ma Lishan

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

*Principal Place of Business
in Hong Kong:*

Unit Nos. 7707 and 7708, Level 77
International Commerce Centre
1 Austin Road West
Kowloon

4 May 2021

To the Shareholders

Dear Sir/Madam,

**FRAMEWORK AGREEMENTS IN RELATION TO
(1) CONNECTED AND DISCLOSEABLE TRANSACTIONS —
EPC SERVICE ARRANGEMENT AND
PARK DESIGN SERVICE ARRANGEMENT;
AND
(2) CONTINUING CONNECTED TRANSACTION —
SUPPLY ARRANGEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement issued by the Company on 18 March 2021 in relation to, among others, the Framework Agreements entered into by the Company, in relation to (a) the provision of EPC general contracting services by the Drawin Intelligent

LETTER FROM THE BOARD

Construction Technology Group, namely the EPC Service Arrangement, (b) the supply of prefabricated construction components and products to the Drawin Intelligent Construction Technology Group, namely the Supply Arrangement and (c) 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.

The purpose of this Circular is to provide you with, among other things:

- (i) further information on the terms of the Framework Agreements;
- (ii) the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement);
- (iii) the letter of advice from the Independent Financial Adviser containing its advice in connection with the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement); and
- (iv) a notice convening the SGM for the Independent Shareholders to consider and, if thought fit, approve the EPC Service Arrangement, the Supply Arrangement, the Park Design Service Arrangement and the terms of the EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement contemplated under the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement).

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT I

Date: 18 March 2021 (after trading hours)

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

Term: For a term commencing from the approval date of the Framework Agreement I by the Independent Shareholders and ending on 31 December 2023. The Framework Agreement I may, subject to compliance with relevant laws and regulations and the Listing Rules (including Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, if required) as well as the agreement of the parties, be extended or renewed.

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Subject matters:

The Group plans to develop, construct and continue to construct 23 technology parks between 2021 and 2023 which are located at Shandong, Chongqing, Hubei, Tianjin, Jiangsu, Henan, Hebei, Hainan, Anhui and Yunnan.

Pursuant to the EPC Service Arrangement, the Drawin Intelligent Construction Technology Group may participate in the selection or bidding process arranged by the Group for the construction of technology park(s) of the Group. Upon selection of the Drawin Intelligent Construction Technology Group as the contractor through the selection or bidding process, Drawin Intelligent Construction Technology will provide, or procure its subsidiaries to provide, EPC general contracting services to the Group for the development of the Group's technology parks in the PRC in accordance with the terms of the tender and relevant service contract.

EPC general contracting services is a form of arrangement where the EPC contractor is made responsible for all activities from procurement, construction, commission and handover of the technology parks to the Company.

The Group will, from time to time, select contractors for the construction of its technology parks through the selection or bidding process. The Group will consider the tender proposals and compare the quotations from all bidders, including that from the Drawin Intelligent Construction Technology Group. 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. 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. Where the Drawin Intelligent Construction Technology Group is the only bidder, the Group will compare the quotation with the market price expected to be charged or offered by other construction contractors in the city or district in which the relevant technology park being constructed is located, and where the construction timetable of the relevant technology park permits, invite price quotations from at least two other independent construction contractors for review and comparison purposes. The Group believes that the pricing of the EPC general contracting services is, in general, transparent and can be obtained through making enquiries with market participants. The tender price for provision of EPC general contracting services is also available on the government websites of the public resources trading centers. The Group will contract with the Drawin Intelligent Construction Technology Group pursuant to the Framework Agreement I if the price quoted by the Drawin Intelligent Construction Technology Group is lower than, or within the range of, that from other bidders or market price.

LETTER FROM THE BOARD

Pricing:

Under the EPC Service Arrangement, the contract price for EPC general contracting services to be provided by the Drawin Intelligent Construction Technology Group to the Group should be determined with reference to the estimated costs of a construction project plus a profit margin and management fee of not more than 8% of the construction costs and should not exceed RMB2,780 per square metre (inclusive of tax) in principle. Pursuant to the Framework Agreement I, the Drawin Intelligent Construction Technology Group shall not quote a contract price for EPC general contracting services higher than the market rate within the industry.

The proposed profit margin and the contract price for EPC general contracting services per square metre are set with reference to the average construction price quoted from the other market participants in 2020 and the projected level of demand for EPC general contracting services of the Group from 2021 to 2023.

Payment arrangement:

The Framework Agreement I provides that details of the payment mechanism for all fees and payments due to the Drawin Intelligent Construction Technology Group pursuant to the EPC Service Arrangement should be specified in the relevant service contracts to be entered into by the parties.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT II

Date: 18 March 2021 (after trading hours)

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

Term: For a term commencing from the approval date of the Framework Agreement II by the Independent Shareholders and ending on 31 December 2023. The Framework Agreement II may, subject to compliance with relevant laws and regulations and the Listing Rules (including Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, if required) as well as the agreement of the parties, be extended or renewed.

Subject matters:

Pursuant to the Supply Arrangement, the Group may participate in the bidding process arranged by the Drawin Intelligent Construction Technology Group for the supply of prefabricated construction components and products. Upon selection of the Group as the contractor by the Drawin Intelligent Construction Technology Group, the Company will supply, or procure its subsidiaries to supply, prefabricated construction components and products to the Drawin Intelligent Construction Technology Group for its construction projects in accordance with the terms of the tender and relevant supply contract.

LETTER FROM THE BOARD

Pricing:

Pursuant to the Supply Arrangement, the integrated unit price of the prefabricated construction components and products to be supplied by the Group to the Drawin Intelligent Construction Technology Group should be the prevailing market price of each unit. In principle, the provisional unit price should not exceed RMB3,400 per cubic metre (inclusive of tax). Subject to the actual volume of the unit supplied, the final unit price may be adjusted.

The integrated unit price of the prefabricated construction components and products are set with reference to the average unit price per cubic metre of the prefabricated construction components and products quoted from the other market participants in 2020, the projected level of demand for prefabricated units from the Drawin Intelligent Construction Technology Group and other market participants from 2021 to 2023, and the estimated costs of each unit manufactured by the Group from 2021 to 2023.

Payment arrangement:

The Framework Agreement II provides that details of the payment mechanism for all fees and payments due to the Group pursuant to the Supply Arrangement should be specified in the relevant supply contracts to be entered into by the parties.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT III

Date: 18 March 2021 (after trading hours)

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

Term: For a term commencing from the approval date of the Framework Agreement III by the Independent Shareholders and ending on 31 December 2023. The Framework Agreement III may, subject to compliance with relevant laws and regulations and the Listing Rules (including Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, if required) as well as the agreement of the parties, be extended or renewed.

Subject matters:

The technology parks of the Group which will require design services between 2021 and 2023 are located at Shandong, Chongqing, Sichuan, Hubei, Tianjin, Jiangsu, Henan, Hainan, Anhui and Yunnan.

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

LETTER FROM THE BOARD

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.

The Group will, from time to time, select contractors for the design of its technology parks through the selection or bidding process. The Group 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 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 and ability to satisfy specifications. 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. 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 relevant technology park being constructed is located, and where the construction timetable of the relevant technology park permits, invite price quotations from at least two other independent design services providers for review and comparison purposes. The Group believes that the pricing of technology park design services is, in general, transparent and can be obtained through making enquiries with market participants. The tender price for provision of technology park design services is also available on the government website of the public resource trading centers. The Group will contract with the Drawin Construction Design Group pursuant to the Framework Agreement III 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:

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 and the provisional contract price should not exceed RMB25 per square metre (inclusive of tax) in principle. Subject to the actual size of the park for which the design is rendered, the final contract price may be adjusted. Pursuant to the Framework Agreement III, the Drawin Construction Design Group shall not quote a contract price for technology park design services higher than the market rate within the industry.

The proposed profit margin and the contract price for the technology park design services are set with reference to the average design service fee per square metre generally charged by the other market participants in 2020 and the projected level of demand for design service of the Group from 2021 to 2023.

LETTER FROM THE BOARD

Payment arrangement:

The Framework Agreement III 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 should be specified in the relevant service contracts to be entered into by the parties.

THE PREVIOUS FRAMEWORK AGREEMENTS

As disclosed in the announcement of the Company dated 11 May 2020, on 11 May 2020, the Company entered into (i) the Previous Framework Agreement I with Drawin Intelligent Construction Technology in relation to the EPC service arrangement and the supply arrangement and (ii) the Previous Framework Agreement II with Drawin Construction Design in relation to the technology park design service arrangement and the prefabricated construction components and products design service arrangement.

The Company was required to set an annual cap in respect of the maximum aggregate transaction amounts under the supply arrangement over the term of the Previous Framework Agreement I and an annual cap in respect of the maximum aggregate transaction amounts under the prefabricated construction components and products design service arrangement over the term of the Previous Framework Agreement II.

The actual realized transaction amount and the annual cap in respect of the supply arrangement in 2020 are set out below:

Under the Previous Framework Agreement I	Actual realized transaction amounts <i>(RMB, approximately)</i>	Annual cap <i>(RMB)</i>
Supply arrangement	150.03 million	200.00 million

In respect of the supply arrangement in 2020, the aggregate demand from the Drawin Intelligent Construction Technology Group was approximately 56,154 cubic metres, which represented approximately 18.2% of the total prefabricated construction component and products supplied by the Group in 2020, and the average unit selling price under the supply contracts with the Drawin Intelligent Construction Technology Group was approximately RMB3,019 per cubic metre.

The actual realised transaction amounts in relation to the supply arrangement in 2020 improved significantly as compared to the previous year primarily because there were further investments made to the Group's technology parks and increase to their numbers under construction. Synergistically, such constructions drove the demand for prefabricated construction components and products manufactured by our Group, resulting in significant recoveries to the level of demand under the supply service arrangement.

LETTER FROM THE BOARD

In respect of the EPC service arrangement and the technology park design service arrangement, the actual realized transaction amounts in 2020 were approximately RMB158.00 million and RMB1.64 million, respectively.

In respect of the EPC service arrangement in 2020, the aggregate construction area of the Group was approximately 94,409 square metres, the construction area constructed by the Drawin Intelligent Construction Technology Group was approximately 67,546 square metres, and the average contract price under the service contracts with the Drawin Intelligent Construction Technology Group was approximately RMB2,549 per square metre.

In respect of the park design service arrangement, the aggregate area of the Group's technology parks which required design services was approximately 102,958 square metres, which was the same as the area designed by the Drawin Construction Design Group, and the average contract price under the service contracts with the Drawin Construction Design Group was approximately RMB16.96 per square metre.

It is expected that the Company will increase its investment in technology parks between 2021 and 2023, with an increased number of factories in production and a synergistic increase in the supply of prefabricated construction components and products.

The Directors therefore believe that, in order to enhance the Group's competitiveness and preparedness to be awarded further mandates by the Drawin Intelligent Construction Technology Group, it would be important that the Proposed Supply Arrangement Annual Cap under the Framework Agreement II is set at the proposed level so that the Group may submit tenders for supply mandates without being limited by an annual cap set at a lower level. Please see the sub-section headed "**Basis of Determination**" below for details.

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

Proposed Annual Cap for the Supply Arrangement

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 Supply Arrangement over the term of the Framework Agreement II. The Proposed Supply Arrangement Annual Cap is set out below:

	Proposed annual caps					
	Year ending 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	
	<i>(equivalent to approximately</i>		<i>(equivalent to approximately</i>		<i>(equivalent to approximately</i>	
	<i>(RMB)</i>	<i>HK\$)</i>	<i>(RMB)</i>	<i>HK\$)</i>	<i>(RMB)</i>	<i>HK\$)</i>
The Supply Arrangement	400 million	479.78 million	500 million	599.72 million	500 million	599.72 million

LETTER FROM THE BOARD

The actual value of transactions under the Supply Arrangement will, when it is entered into, be determined according to the pricing mechanism set out in the Framework Agreement II and the relevant supply contracts as described above.

Estimated transaction values under the EPC Service Arrangement and Park Design Service Arrangement

The Company estimates that the maximum value of the transactions under the EPC Service Arrangement over the term of the Framework Agreement I and the maximum value of the transactions under the Park Design Service Arrangement over the term of the Framework Agreement III are as follow:

	Estimated transaction values					
	Year ending 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	
	<i>(equivalent to approximately (RMB)</i>	<i>(equivalent to approximately HK\$)</i>	<i>(equivalent to approximately (RMB)</i>	<i>(equivalent to approximately HK\$)</i>	<i>(equivalent to approximately (RMB)</i>	<i>(equivalent to approximately HK\$)</i>
The EPC Service Arrangement	550 million	659.69 million	450 million	539.75 million	450 million	539.75 million
The Park Design Service Arrangement	6.5 million	7.80 million	7.0 million	8.40 million	7.0 million	8.40 million

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

Basis of determination

In arriving at the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC service Arrangement and the Park Design Service Arrangement, the Directors have taken into consideration the following factors (as appropriate):

- (i) in respect of the EPC Service Arrangement,
 - (a) the Group's plan to undertake the development of, as well the new and ongoing construction of 9, 9 and 9 technology parks in each of 2021, 2022 and 2023, respectively, where the aggregate construction area to be constructed is expected to be approximately 550,000 square metres. As the average expected or actual construction price in respect of EPC general contracting services to be offered by independent construction contractors to the Group is generally higher than that offered by the Drawin Intelligent Construction Technology Group, based on past experience and the Group's technology parks development and progress plan, the Company estimates that the maximum

LETTER FROM THE BOARD

aggregate construction area to be constructed by the Drawin Intelligent Construction Technology Group in each of 2021, 2022 and 2023 will be approximately 220,000, 170,000 and 160,000 square metres, respectively; and

- (b) the contract price for EPC general contracting service that may be quoted by the Drawin Intelligent Construction Technology Group to the Group under the Framework Agreement I shall not exceed RMB2,780 per square metre (inclusive of tax).
- (ii) in respect of the Supply Arrangement,
- (a) the estimation by the Company that the demand of prefabricated construction components and products from the Drawin Intelligent Construction Technology Group will be approximately 450,000 cubic metres in aggregation from 2021 to 2023, based on a recent discussion between the Company and the Drawin Intelligent Construction Technology Group, with a 10% buffer to be factored in based on past experience;
 - (b) based on the above, the estimated demand from the Drawin Intelligent Construction Technology Group for prefabricated construction units from 2021 to 2023 being approximately in the range of 130,000 to 150,000 cubic meters, 140,000 to 160,000 cubic meters and 140,000 to 160,000 cubic meters, respectively;
 - (c) the Group's plan to develop, construct and continue to construct 9, 9 and 9 technology parks from 2021 to 2023, respectively. The Company therefore believes that it will be in a better position to acquire greater market share in the prefabricated construction unit market in general and to fulfill the demand of the Drawin Intelligent Construction Technology Group of prefabricated construction units from 2021 to 2023; and
 - (d) the unit selling price of the prefabricated construction components that may be quoted by the Group to the Drawin Intelligent Construction Technology Group under the Framework Agreement II shall not exceed RMB3,400 per cubic metre (inclusive of tax).
- (iii) in respect of the Park Design Service Arrangement,
- (a) the aggregate area of the technology parks which the Group plans to finalize their design from 2021 to 2023 will be approximately 260,000, 270,000 and 270,000 square metres, respectively;
 - (b) the contract price for the technology park design service that may be quoted by Drawin Construction Design Group to the Group under Framework Agreement III shall not exceed RMB25 per square metre (inclusive of tax); and

LETTER FROM THE BOARD

- (c) the projection by the Group that the demand for technology park design services of the Group will be fully satisfied by the Drawin Construction Design Group based on past experience, taking into account a number of factors, including the design fees offered by the Drawin Construction Design Group, the design quality of 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.
- (iv) the Company's belief that the PRC government policies (as set out in detail under the section headed "**REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS**") will support the development of the Group's prefabricated construction unit business in the PRC. Hence, the Company expects that it will be able to acquire more mandates for prefabricated construction units from the Drawin Intelligent Construction Technology Group under the Supply Arrangement, and has therefore set the Proposed Supply Arrangement Annual Cap at the proposed level. The Company has also set the maximum transaction value of the EPC Service Arrangement at the proposed level in order to facilitate the expansion of the Company's production capacity by developing new technology parks in cities across the PRC, so as to ensure that the Company will have sufficient production capacity to fulfill any increase in demand for prefabricated construction units under such favourable government policies.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The Group has been continuously developing and constructing technology parks in major cities across the PRC and has established presence predominantly in the eastern and central regions of the PRC. From 2021 to 2023, the Group expects to continue the development in this area to meet market demand for business and technological development and requirements and to strengthen its industrialized and prefabricated construction capabilities in line with the market trends and the favorable PRC government policies. The PRC government policies are supportive of the development of the Group's prefabricated construction unit business in the PRC. As China vigorously advances the process of industrialization in the construction industry, it is a consensus in the industry that the scale of the market for prefabricated construction will expand in a rapid manner. Therefore, there will be growing market demand for prefabricated construction components. In 2019, the domestic penetration rate of prefabricated construction stood at 13.4%, which remained some distance away from achieving the targeted penetration rate of 30% in 2025 formulated by government authorities; the domestic penetration rate is expected to rise in a relatively fast manner in the next 5 years. Since 2020, the Ministry of Housing and Urban-Rural Development of the PRC, the National Development and Reform Commission of the PRC and the Ministry of Industry and Information Technology of the PRC successively published policies such as Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Construction Industrialization (《關於推動智能建造與建築工業化協同發展的指導意見》), Certain Opinions on Accelerating the Development of New Construction Industrialization (《關於加快新型建築工業化發展的若干意見》), Action Plan for Digital Transformation of Intelligent Manufacturing in Construction Materials Industry (2021-2023) (《建材工業智能製造數字轉型

LETTER FROM THE BOARD

行動計劃(2021-2023)》), Notice on the Pilot Work of Government Procurement Supporting Green Construction Materials to Promote Construction Quality (《關於政府採購支持綠色建材促進建築品質提升試點工作的通知》) as well as Guiding Opinions on Accelerating the Cultivation of Construction Worker Group in the New Era (《關於加快培育新時代建築產業工人隊伍的指導意見》). Relevant supporting policies in the respect of targeted development of prefabricated construction, support for the land use, floor area ratio incentive, financial subsidies and guidance on consumption have successively been published in provinces, cities and regions such as Shanghai, Henan, Anhui, Jiangsu, and Zhejiang. Policies at each level will strongly facilitate the development of prefabricated construction, and driven by such policies prefabricated construction industry is expected to sustain a relatively high growth rate in the next 3 to 5 years. The Central Committee of the Communist Party of China has set out the following in the Fourteenth Five-year Plan on the Development of the National Economy and Society: to develop the superiority in industry and supply chains and build on China's strength in scalability and complementary infrastructure, and as first-movers in certain industries; to create new industry chains and transform traditional industries to become ever more high-end, smart and green, to strength legal and policy frameworks concerning the green economy by developing green finance, supporting green technological innovation, promoting cleaner methods of production and expanding the environmental protection industry, to facilitate the green transformation of key industries and areas, to promote green and low-carbon generating forms of energy use and energy efficiency and to develop green buildings. In addition, the directive issued by the Ministry of Housing and Urban-Rural Development of the PRC which requires (i) 15% or more of all newly-constructed buildings in the PRC, and (ii) 20% or more of all newly constructed buildings in certain focused regions to be constructed using prefabricated construction units, will continue to be implemented across the PRC which will help alleviate the negative impact caused by the property cooling off measure in the PRC. The Group believes that the demand for prefabricated construction units will continue its upward trend between 2021 and 2023. In light of the favorable government policies and a growing market trend, the Company will continuously develop technology parks from 2021 to 2023 so as to enable it to meet the growing demand for prefabricated construction units and to improve the quality of its prefabricated construction units taking advantage of such PRC government policies.

The Company welcomed new controlling shareholders and directors that possess extensive financial networks and resources as well as management and industry experience in 2019, which has since reinvigorated the Board and the management and further boosted the future development of the Company.

With its principal business in real property construction and engineering business, Drawin Intelligent Construction Technology has the requisite capabilities and competencies for constructing the technology parks of the Group. Drawin Construction Design, which engages in design business, has the requisite capabilities and competencies designing the technology parks 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 EPC Service Arrangement and the Park Design Service Arrangement. The Group also believes that the collaboration between the Group and

LETTER FROM THE BOARD

the Drawin Intelligent Construction Technology Group under the Supply Arrangement will enable the Group to fully realize the opportunities and the additional income stream presented by its prefabricated construction business.

The Framework Agreements set 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 EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement.

The agreed terms stipulated under the Framework Agreements 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 Framework Agreements.

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’s Shareholders as a whole.

As disclosed in the sections headed “**PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT I**”, “**PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT II**” and “**PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT III**”, each time when the Group selects a contractor for the provision of EPC general contracting services or technology park design services, the Group will consider the quotation from the Drawin Construction Design Group or the Drawin Intelligent Construction Technology Group (as applicable) 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 EPC general contracting services and technology park design services, the relevant technology park being constructed is located. 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 or the Drawin Intelligent Construction Technology Group (as applicable) under the relevant Framework Agreements 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 or the Drawin Intelligent Construction Technology Group

LETTER FROM THE BOARD

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 EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement. This shall enable regular monitoring of the pricing terms of each transaction proposed by the Drawin Construction Design Group or the Drawin Intelligent Construction Technology Group (as applicable) under the relevant arrangements.

Furthermore, the finance department of the Company will monitor transaction volume under (i) the EPC Service Arrangement and the Park Design Service Arrangement in aggregate and (ii) the Supply 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 EPC Service Arrangement and the Park Design Service Arrangement and (ii) the Supply 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 Intelligent Construction Technology

Drawin Intelligent Construction Technology is a company established under the laws of the PRC with limited liability and is a direct wholly-owned subsidiary of Drawin Manufacture. The principal business of Drawin Intelligent Construction Technology includes real property construction and decoration, installation of mechanical and electrical equipment, construction of base foundation and infrastructure.

Drawin Manufacture

Drawin Manufacture is a company established under the laws of the PRC with limited liability. As at the Latest Practicable Date, Drawin Manufacture indirectly held approximately 63.53% of the issued Shares, thus an indirect controlling shareholder of the Company. Drawin

LETTER FROM THE BOARD

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.

LISTING RULES IMPLICATIONS

Drawin Intelligent Construction Technology and Drawin Construction Design are both wholly-owned subsidiaries of Drawin Manufacture. As at the Latest Practicable Date, Drawin Manufacture indirectly held approximately 63.53% 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, Drawin Intelligent Construction Technology and Drawin Construction Design is a connected person of the Company under the Listing Rules.

Framework Agreements

As the EPC Service Arrangement and the Park Design Service Arrangement are both capital in nature which involve different aspects in the construction of technology parks and Drawin Intelligent Construction Technology and Drawin Construction Design are either direct or indirect wholly-owned subsidiaries of Drawin Manufacture, the EPC Service Arrangement and the Park Design Service Arrangement require aggregation under Rules 14.22 and 14A.81 of the Listing Rules. As the applicable percentage ratios in respect of the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement under the respective Framework Agreements in aggregate exceed 5% but are less than 25% on an annual basis, the contemplated transactions under the EPC Service Arrangement and the Park Design Service Arrangement constitute (i) discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and (ii) connected transactions of the Company which are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Supply Arrangement is of revenue nature in the ordinary and usual course of business of the Group and one or more of the applicable percentage ratios in respect of the Proposed Supply Arrangement Annual Cap exceed 5%, the contemplated transaction under the Supply Arrangement constitutes a continuing connected transaction which is subject to the annual review, reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Manufacture), none of the Directors has a material interest in the Framework Agreements 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 Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement). The Company has appointed Fortune Financial Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

The Board (including all the independent non-executive Directors after taking into consideration the advice from the Independent Financial Adviser 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 Manufacture) is of the view that:

- (i) the terms and conditions of the Framework Agreements are on normal commercial terms which are fair and reasonable;
- (ii) the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement are fair and reasonable; and
- (iii) the Framework Agreements 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.

The Directors (excluding Ms. Wu Wallis (alias Li Hua)) would recommend the Shareholders to vote in favour of the relevant resolutions at the SGM.

SGM

The notice convening the SGM to be held at Unit Nos. 7707-7708, 77/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 26 May 2021 at 10:45 a.m. (or immediately after the conclusion of the annual general meeting to be held on the same day) is set out on pages 60 to 62 of this Circular.

At the SGM, ordinary resolutions will be proposed to the Independent Shareholders to approve the EPC Service Arrangement, the Supply Arrangement, the Park Design Service Arrangement and the terms of the EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement contemplated under the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement). Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the SGM must be taken by poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions to be considered and, if thought fit, passed at the SGM will be voted by way of poll by the Shareholders.

LETTER FROM THE BOARD

Shareholders with a material interest in the Framework Agreements and the transactions contemplated thereunder will abstain from voting upon the relevant resolutions at the SGM. As at the Latest Practicable Date, (1) Jiayao Global Investments Limited, Jiacheng (Holding) Investment Limited, Jiaheng (Holding) Investment Limited, Jiaxin (Holding) Investment Limited, Jianuo (Holding) Investment Limited and Jiamin (Holding) Investment Limited, which are indirect wholly-owned subsidiaries of Drawin Manufacture which is in turn indirectly wholly-owned by Mr. Wu Po Sum, and (2) Joy Bright Investments Limited, which is directly wholly-owned by Mr. Wu Po Sum, collectively control and are collectively entitled to exercise control over the voting right in respect of 2,025,177,425 Shares, thus collectively interested in approximately 72.27% of the issued Shares of the Company. In this respect, they will be required to abstain from voting in relation to the relevant resolutions at the SGM. Save for the above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder is required under the Listing Rules to abstain from voting on the relevant resolutions to be proposed at the SGM.

A form of proxy for use at the SGM is enclosed with this Circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof. An announcement on the results of the SGM will be made by the Company following the SGM in accordance with the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021, both dates inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 20 May 2021.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to:

- (i) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this Circular;
- (ii) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 55 of this Circular; and
- (iii) the general information set out in the Appendix to this Circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of advice from the Independent Board Committee, prepared for the purpose of incorporation into this Circular, setting out its recommendation to the Independent Shareholders regarding the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement) and the transactions contemplated thereunder.



DIT GROUP LIMITED

築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

4 May 2021

To the Independent Shareholders

Dear Sir/Madam,

**FRAMEWORK AGREEMENTS IN RELATION TO
(1) CONNECTED AND DISCLOSEABLE TRANSACTIONS —
EPC SERVICE ARRANGEMENT AND
PARK DESIGN SERVICE ARRANGEMENT;
AND
(2) CONTINUING CONNECTED TRANSACTION —
SUPPLY ARRANGEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company to the Shareholders dated 18 March 2021 (the “**Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings given to them in the section headed “**DEFINITIONS**” of the Circular.

We are members of the Independent Board Committee which has been formed by the Board to advise the Independent Shareholders as to whether, in our opinion, (i) the terms and conditions of the Framework Agreements were determined after arm’s length negotiation and are on normal commercial terms which are fair and reasonable, (ii) the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement are fair and reasonable and (iii) the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Framework Agreements 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.

We also wish to draw your attention to the letter of advice from Fortune Financial Capital Limited, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement), which contains, among other things, Fortune Financial Capital Limited's advice, opinions and recommendations regarding the terms of the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement), as set out on pages 26 to 55 of the Circular, and the Letter from the Board as set out on pages 6 to 23 of the Circular.

Having given due consideration to the reasons and factors relating to the Framework Agreements and their terms (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement) and to the advice and the recommendations of Fortune Financial Capital Limited contained in its letter of advice set out on pages 26 to 55 of the Circular, we consider that (i) the terms and conditions of the Framework Agreements were determined after arm's length negotiation and are on normal commercial terms which are fair and reasonable, (ii) the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement are fair and reasonable and (iii) the Framework Agreements and the transactions contemplated thereunder was 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.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the EPC Service Arrangement, the Supply Arrangement, the Park Design Service Arrangement and the terms of the EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement contemplated under the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement).

Yours faithfully,
Independent Board Committee of
DIT Group Limited
Mr. Jiang Hongqing Mr. Lee Chi Ming Mr. Ma Lishan
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values thereunder), which has been prepared for the purpose of incorporation in the Circular.

4102-06, 41/F, COSCO Tower
183 Queen's Road Central
Hong Kong

4 May 2021

To the Independent Board Committee and the Independent Shareholders

DIT Group Limited
Unit Nos. 7707 and 7708, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Dear Sir/Madam,

**FRAMEWORK AGREEMENTS IN RELATION TO
(1) CONNECTED AND DISCLOSEABLE TRANSACTIONS —
EPC SERVICE ARRANGEMENT AND
PARK DESIGN SERVICE ARRANGEMENT; AND
(2) CONTINUING CONNECTED TRANSACTIONS —
SUPPLY ARRANGEMENT**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement, and the terms of the EPC Service Arrangement, the Supply Arrangement and the Park Design Service Arrangement contemplated under the Framework Agreements (including the Proposed Supply Arrangement Annual Cap and the estimated transaction values under EPC Service Arrangement and Park Design Service Arrangement). Details of the Framework Agreements are set out in the “Letter from the Board” contained in the circular of the Company dated 18 March 2021 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Framework Agreements

Reference is made to the circular of the Company dated 16 June 2020 in relation to two framework agreements dated 11 May 2020 (collectively, “Previous Framework Agreements”) entered into between the Company and (i) Drawin Intelligent Construction Technology (the “Previous Framework Agreement I”), in respect of (a) the provision of EPC general contracting services by Drawin Intelligent Construction Technology to the Group (i.e. EPC service arrangement); and (b) the supply of prefabricated construction components and products by the Group to Drawin Intelligent Construction Technology (i.e. supply arrangement), respectively; and (ii) Drawin Construction Design Group (the “Previous Framework Agreement II”), in respect of (a) the provision of design service of by Drawin Construction Design Group to the Group in respect of the Group’s technology parks in the PRC (i.e. park design service arrangement); and (b) the provision of design services by Drawin Construction Design Group to the Group in respect of prefabricated construction components and products sold by the Group (i.e. PC design service arrangement), respectively.

Taken into consideration of that (i) the Previous Framework Agreements already expired on 31 December 2020; (ii) nine sites are under construction and expected to be completed in 2021; and (iii) the Group has secured four new sites and plans to acquire 14 more potential sites for development of technology parks between 2021 and 2023, the Company renewed and entered into Framework Agreements in relation to (a) the EPC Service Arrangement (the “Framework Agreements I”); (b) the Supply Arrangement (the “Framework Agreements II”) and (c) the Park Design Service Arrangement (the “Framework Agreements III”), respectively, with intention to complete transactions under the Previous Framework Agreements.

Framework Agreement I

The Group entered into a framework agreement with Drawin Intelligent Construction Technology on 18 March 2021 in respect of the EPC Service Arrangement.

Under the EPC Service Arrangement, upon selection of Drawin Intelligent Construction Technology as the service provider through the selection or bidding process arranged by the Group, Drawin Intelligent Construction Technology will provide, or should procure its subsidiaries to provide, EPC general contracting services to the Group for the development of the Group’s several technology parks in the PRC in accordance with the terms of the tender and relevant service contract.

Framework Agreement II

The Group entered into a framework agreement with Drawin Intelligent Construction Technology on 18 March 2021 in respect of the Supply Arrangement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the Supply Arrangement, upon selection of the Group as the contractor through the selection or bidding process arranged by Drawin Intelligent Construction Technology, the Company will supply, or procure its subsidiaries to supply, prefabricated construction components and products to Drawin Intelligent Construction Technology for its construction projects in accordance with the terms of the tender and relevant supply contract.

Framework Agreement III

The Company entered into a framework agreement with Drawin Construction Design on 18 March 2021 in respect of the Park Design Service Arrangement.

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

LISTING RULES IMPLICATIONS

Drawin Intelligent Construction Technology and Drawin Construction Design are both wholly-owned subsidiaries of Drawin Manufacture. As at the date of this letter, Drawin Manufacture indirectly held approximately 63.53% of the issued Shares of the Company; 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, Drawin Intelligent Construction Technology and Drawin Construction Design is a connected person of the Company under the Listing Rules. Accordingly, each of the transactions under the Framework Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Framework Agreements

As the EPC Service Arrangement and the Park Design Service Arrangement are both capital in nature which involve different aspects in the construction of a technology park, while Drawin Intelligent Construction Technology and Drawin Construction Design are either direct or indirect wholly-owned subsidiaries of Drawin Manufacture, the EPC Service Arrangement and the Park Design Service Arrangement require aggregation under Rule 14.22 and Rule 14A.81 of the Listing Rules. As the applicable percentage ratios in respect of the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement under the respective Framework Agreements in aggregate exceed 5% but are less than 25% on an annual basis, the contemplated transactions under the EPC Service Arrangement and the Park Design Service Arrangement constitute connected transactions of the Company which are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as the Supply Arrangement is of revenue nature in the ordinary and usual course of business of the Group and one or more of the applicable percentage ratios in respect of the Proposed Supply Arrangement Annual Cap exceed 5% but are less than 25% on an annual

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basis, the contemplated transaction under the Supply Arrangement constitutes a continuing connected transaction which is subject to the annual review, reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The over-lapping Shareholders, who are both shareholders of the Group and the Drawin Manufacture, have abstained from voting on the relevant resolutions for good corporate governance.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming, and Mr. Ma Lishan, has been established to consider, and give advice and recommendation to the Independent Shareholders and the independent financial adviser on the Framework Agreements and the transactions contemplated thereunder as to whether (i) the terms of the Framework Agreements are on normal commercial terms which are fair and reasonable as far as the Independent Shareholders are concerned; (ii) the Proposed Supply Arrangement Annual Cap and the estimated transaction values under EPC Service Arrangement and the Park Design Service Arrangement are fair and reasonable so far as the Independent Shareholders are concerned; (iii) the entering into the Framework Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolutions relating thereto to be proposed at the SGM, taking into account the recommendation of the Independent Financial Adviser.

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As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to them as to whether (i) the terms of the Framework Agreements are on normal commercial terms which are fair and reasonable as far as the Independent Shareholders are concerned; (ii) the Proposed Supply Arrangement Annual Cap and the estimated transaction values under EPC Service Arrangement and the Park Design Service Arrangement are fair and reasonable so far as the Independent Shareholders are concerned; (iii) the entering into the Framework Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interests of the Company and the Shareholders as a whole; and (iv) our recommendation on how the Independent Shareholders should vote in respect of the resolutions relating thereto proposed at the SGM.

We acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company with regard to the connected transactions under the Previous Framework Agreements during the last two years. Save for the aforesaid engagements, we have not acted as independent financial adviser nor financial adviser to the Company in relation to any other transactions of the Company in the last two years prior to the date of this letter.

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Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Framework Agreement I and the Framework Agreement II entered into between the Group and Drawin Intelligent Construction Technology; (ii) the Framework Agreement III entered into between the Group and Drawin Construction Design; (iii) the Previous Framework Agreements; (iv) the annual report of the Company for the year ended 31 December 2019 (“**2019 Annual Report**”); and (v) other information as set out in this Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “Management”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is true and accurate, valid and complete in all material respects and not misleading or deceptive, and there are no other facts and omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry and have relied on such statements, information, opinions and representations. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

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This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of (i) the EPC Service Arrangement (including the estimated transaction values under EPC Service Arrangement); (ii) the Supply Arrangement (including the Proposed Supply Arrangement Annual Cap); and (iii) the Park Design Service Arrangement (including the estimated transaction values under the Park Design Service Arrangement), and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

In arriving at our opinion and recommendation, we have considered the principal factors and reasons set out below:

1.1 Background information of the Group and its relationship with the Drawin Intelligent Construction Technology and Drawin Construction Design

The Group was principally engaged in the research and development, design, manufacture sale of assembled building prefabricated units, licensing and property investment in the PRC. As at the Latest Practicable Date, Mr. Wu Po Sum, who indirectly held approximately 72.27% of the issued share capital of the Company, is the ultimate controlling shareholder of the Company.

Drawin Intelligent Construction Technology is a company established under the law of the PRC with limited liability and a direct wholly-owned subsidiary of Drawin Manufacture. The principal business of Drawin Intelligent Construction Technology includes real property construction and decoration, installation of mechanical and electrical equipment, construction of base foundation and infrastructure. Drawin Intelligent Construction Technology possesses a qualification license (Level 1: “房屋建築工程施工總承包企業一級資質”) issued by the Ministry of Housing and Urban-Rural Development of the PRC, which permits it to undertake real property construction, installation of mechanical and electrical equipment and construction of base foundation and infrastructures.

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

1.2 Latest business development and performance of the Group

The Group has been continuously developing technology parks in major cities across the PRC and has completed the fundamental layout in major developed regions in the middle-eastern part of the PRC. As disclosed in the voluntary announcement dated 5 January 2021, the Group's production volume and sales volume of prefabricated construction components and products have both increased significantly as compared to last year. We understand from the Management that, as the prefabricated construction industry in China is greatly supported by the Central government and its development scale is expected to grow continuously, the Group will continue to increase its production volume to meet the increasing demand in the prefabricated construction components and products market.

Over the past couple of years, the Group has strived to secure suitable sites for the construction of technology parks.

Among a total of 19 sites as described in the summary of technology parks in the circular of the Company dated 16 June 2020, eight sites were under construction or expected to commence construction in 2020, and one site was temporarily suspended for construction. As at the Latest Practicable Date, the Group had a total of nine sites, including four sites being newly secured during 2020, which were under construction. The following are the latest development of the aforesaid with regard to the EPC Service Arrangement under the Framework Agreement I.

- (i) one of the nine sites of the Group (i.e. No. 7 site set out in the table below), which was temporarily suspended for construction as set out in 2020 Circular, resumed construction and expected to complete in 2Q2021;
- (ii) one of the nine sites of the Group (i.e. No. 10 site set out in the table below) was scheduled to completed in 2H2021;
- (iii) three of the nine sites of the Group (i.e. No. 11, No. 15 and No. 16 sites set out in the table below) were under construction and expected to complete in 1H2021 as set out in 2020 Circular;
- (iv) four of the nine sites of the Group which were newly secured in 2020 (i.e. No. 18 to No. 21 sites set out in the table below) had commenced construction and were expected to complete in 1H2021.

As discussed with the Management, as at the date of this Circular, the Company planned to acquire 14 more potential sites for development of technology parks between 2021 and 2023, which will be located at Hebei, Henan, Hainan, Guangdong, Chengdu, Yunnan and some other cities in southeast and eastern China. Three out of the 14 potential sites had been identified as at the Latest Practicable Date.

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Set out below is a table summarising the salient details of the respective technology parks:

No.	Location	Date acquired	Site area (sq.m)	Phase One construction as disclosed in 2020	Actual/expected Phase One construction area (sq.m)	Actual/expected commencement of Phase One construction	Actual/expected date of completion of Phase One Construction	Phase Two construction as disclosed in 2020	Actual/expected Phase Two construction area (sq.m)	Actual/expected date of commencement of Phase Two construction	Actual/expected date of completion of Phase Two construction	Reason of the variance	Year of commencement of production	Designed production capacity (c.u.m.)	Expected production capacity in the year ending 2021 (c.u.m.)
1	Changsha	14/9/2016	235,000	50,000	50,000	2Q 2015	1Q 2016	30,000	30,000	2Q/5Q 2017	3Q 2018	N/A	2H 2016	300,000	90,000-120,000
2	Hengyang	28/10/2015	100,000	41,000	41,000	3Q 2016	4Q 2016	20,000	20,000	3Q/4Q 2017	4Q 2017	N/A	2H 2016	180,000	60,000-80,000
3	Nanjing	22/3/2016	100,838	40,000	40,000	3Q 2016	4Q 2016	25,000	25,000	3Q/4Q 2017	4Q 2017	N/A	2H 2016	300,000	90,000-120,000
4	Foshan	28/10/2016	82,066	30,000	30,000	2Q 2017	2Q 2018	N/A	N/A	N/A	N/A	N/A	2H 2017	150,000	60,000-80,000
5	Hefei (Note 1)	28/6/2017	102,600	30,000	30,000	2Q 2017	2Q 2018	26,000	26,000	3Q 2019	2Q 2020	N/A	2H 2017	180,000	60,000-80,000
6	Jiaozhou (Note 2)	30/9/2017	62,000	20,000	20,000	4Q 2017	4Q 2020	N/A	N/A	N/A	N/A	N/A	1H 2021	150,000	60,000-80,000
7	Yuxi (Note 3, 8)	14/9/2017	73,898	20,000	20,000	4Q 2017	2Q 2021	N/A	N/A	N/A	N/A	A	1H 2021	150,000	60,000-80,000
8	Xiuru	14/6/2018	53,467	41,000	41,000	2Q 2018	2Q 2019	N/A	N/A	N/A	N/A	N/A	2H 2019	150,000	40,000-50,000
9	Xiangtan	26/5/2018	65,967	23,000	23,000	2Q 2018	2Q 2019	N/A	N/A	N/A	N/A	N/A	2H 2019	150,000	40,000-50,000
10	Huainan (Note 4, 8)	12/4/2018	80,000	20,000	20,000	4Q 2018	2H 2021	N/A	N/A	N/A	N/A	A	1Q 2021	150,000	40,000-50,000
11	Qjiang (Note 8)	7/2/2018	60,040	20,000	20,000	4Q 2018	1H 2021	N/A	N/A	N/A	N/A	N/A	3Q 2021	150,000	20,000-30,000
12	Huiyang (Note 5)	4/8/2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2H 2016	180,000	60,000-80,000
13	Kunshan (Note 6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2H 2016	120,000	40,000-60,000
14	Jintang (Note 7)	02/03/2018	66,667	20,000	20,000	TBD	N/A	N/A	N/A	N/A	N/A	A	TBD	60,000	N/A
15	Jiangxia (Note 8)	3/7/2018	51,990	20,000	20,000	2H 2020	1H 2021	N/A	N/A	N/A	N/A	A	4Q 2021	150,000	20,000-30,000
16	Dongli (Note 8)	26/05/2018	55,475	20,000	30,000	2H 2020	1H 2021	N/A	N/A	N/A	N/A	N/A	4Q 2021	150,000	20,000-30,000
17	Zhoukou (Note 2)	26/03/2020	93,375	20,000	20,000	2Q 2020	4Q 2020	N/A	N/A	N/A	N/A	A	4Q 2020	80,000	60,000-80,000
18	Dengfeng (Note 8)	23/6/2020	93,472	N/A	54,000	3Q 2020	1Q 2021	N/A	N/A	N/A	N/A	N/A	1H 2021	120,000	60,000-80,000
19	Rayang (Note 8)	7/12/2020	205,472	N/A	68,000	3Q 2020	1Q 2021	N/A	N/A	N/A	N/A	N/A	1H 2021	100,000	40,000-60,000
20	Queshan (Note 8)	29/12/2020	84,887	N/A	40,000	3Q 2020	1Q 2021	N/A	N/A	N/A	N/A	N/A	1H 2021	60,000	30,000-50,000
21	Nantong (Note 8)	30/6/2020	66,667	N/A	30,000	3Q 2020	2Q 2021	N/A	N/A	N/A	N/A	N/A	1H 2021	80,000	30,000-50,000

Abbreviations:

A — Change of construction schedule

N/A — Not applicable

2020 Circular — a circular issued by the Company dated 16 June 2020 in relation to the Previous Framework Agreement

TBD — To be determined

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Notes:

1. The Phase Two construction of Hefei technology park has been completed in 2Q2020;
2. The Phase One construction of Jiaozhou and Zhoukou has been completed in 4Q2020;
3. The construction of Yuxi technology park, which was temporarily suspended as set out in 2020 Circular, has been resumed and is expected to complete in 2Q2021;
4. The construction of Huai'an technology park, which was previously scheduled to complete in 2H2021 as set out in 2020 Circular, is expected to complete by 1H2021;
5. Huiyang technology park was acquired from an independent third party and no construction activities are required for the commencement of production;
6. Kunshan technology park was leased from an independent third party, and no construction activities are required for the commencement of production;
7. The construction of Jintang technology park, which was previously scheduled to commence construction in 2H2020 and complete in 2H2021, has not been commenced. Despite that land deposit has been made to secure the site, the Group has decided to prioritise construction of other technology parks located in southwest of China which are already under construction; and
8. Approximately 220,000 sq.m. of the construction area of the nine technology parks in aggregation (i.e. No. 7, No. 10, No. 11, No. 15, No. 16, No. 18, No. 19, No. 20 and No. 21) will be carried out between 2021 and 2023.

The Group recorded revenue generated from sales of prefabricated units of approximately HK\$579.9 million and over HK\$900 million for the years ended 31 December 2019 and 2020, respectively. The increase in revenue was mainly attributable to the increase in the production volume and sales volume of prefabricated construction components and products of certain technology parks during the year.

1.3 Prospects of the Group

As discussed with the Management, evidenced by the publishing of policies recently in the respect of targeted development of prefabricated construction which are supportive of the Group's business development. Since 2020, the Ministry of Housing and Urban-Rural Development of the PRC, the National Development and Reform Commission of the PRC and the Ministry of Industry and Information Technology of the PRC successively published policies such as Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Construction Industrialization (《關於推動智能建造與建築工業化協同發展的指導意見》), Certain Opinions on Accelerating the Development of New Construction Industrialization (《關於加快新型建築工業化發展的若干意見》), Action Plan for Digital Transformation of Intelligent Manufacturing in Construction Materials Industry (2021-2023) (《建材工業智能製造數字轉型行動計劃(2021-2023)》), Notice on the Pilot Work of Government Procurement Supporting Green Construction Materials to Promote Construction Quality (《關於政府採購支持綠色建材促進建築品質提升試點工作的通知》) as well as Guiding Opinions on Accelerating the Cultivation of Construction Worker Group in the New Era (《關於加快培育新時代建築產業工人隊伍的指導意見》), and guidance on consumption have been published in provinces, cities and regions such as Shanghai, Henan, Jiangsu, etc.. Driven by the relevant policies, the prefabricated construction industry is expected to growth

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in a rapid manner and the demand for the prefabricated construction components and products of the Group will sustainably increase between 2021 and 2023. In addition, it is expected that the new controlling shareholders and directors who possess extensive financial networks and resources as well as management and industry experience has joined the Group since 2019 will further reinvigorate the Group and boost the future development of the Group's business.

On the basis of the aforesaid background and evidenced by the increase in production volume and sales volume, the Group will increase investment in technology parks and continue its effort of facilitating the advancement of technological innovation and output of actual results, particularly in the synergetic effect of the industry and enhancement in efficiency by cost reduction which will be implemented with its added devotion and determination so as to target at a higher level of technology development with better products while better business turnover and return of profitability will be achieved.

1.4 Section summary

Taking into account of the principal activities of the Group, the Company's strategy to continue to develop its industrialised and prefabricated construction capabilities under the abovementioned market trends and national policy, we consider the Framework Agreements and the transactions contemplated thereunder adhere to the business strategy of the Company, and is in the ordinary and usual course of business of the Company.

2 Reasons for and benefits of entering into the Framework Agreements

The reasons for entering into the Framework Agreements are described in the paragraph headed "Reasons for and benefits of entering into the Framework Agreements" in the "Letter from the Board" of the Circular.

Drawin Intelligent Construction Technology, with its principal business in the real property construction and engineering business, has the requisite construction capability and qualification to serve as a competent contractor for constructing the technology parks of the Group. 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 EPC Service Arrangement contemplated under the Framework Agreement I and the Park Design Service Arrangement contemplated under the Framework Agreement III will thereby enable the Company to leverage the comparative advantage of the Drawin Intelligent Construction Technology and Drawin Construction Design Group as general contractors. In addition, the collaboration between the Company and Drawin Intelligent Construction Technology under the Supply Arrangement contemplated under the Framework Agreement II will enable the Group to fully realise the opportunities and the additional income stream presented by its prefabricated construction business. The Framework Agreements set out coherent frameworks which will streamline the process and improve the efficiency for further cooperation amongst the parties.

3 Principal terms of the Framework Agreements

Details of the Framework Agreements are set out in the “Letter from the Board” of the Circular.

3.1 Duration

It is designed for a term commencing from the approval date of the Framework Agreements by the Independent Shareholders and ending on 31 December 2023. The Framework Agreements 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.

By entering the Framework Agreements and fixing a term with the possibility to extend or renew after 31 December 2023, the Directors are of the view, and we concur, that it provide the Group flexibility to work with its EPC service providers (including the Drawin Intelligent Construction Technology) and its customers for prefabricated construction components and products (including the Drawin Intelligent Construction Technology), as well as to safeguard the interest of independent shareholders.

3.2 Pricing

3.2.1 With regard to the Framework Agreement I

EPC Service Arrangement

Pursuant to the EPC Service Arrangement, the contract price for EPC general contracting services to be provided by the Drawin Intelligent Construction Technology to the Group should be determined with reference to the estimated costs of a construction project plus a profit margin and management fee of not more than 8% of the construction costs and should not exceed RMB2,780 per square metre (inclusive of tax) in principle. Pursuant to the Framework Agreement I, the Drawin Intelligent Construction Technology shall not quote a contract price to the Company for EPC general contracting service higher than the market rate within the industry.

As discussed with the Management, the estimated costs of a construction project are derived by reference to the existing price list of materials used for the construction services and the historical pricing for the construction of the Group’s technology parks in the PRC by independent construction contractors. Having reviewed and compared the price list of construction materials on certain local government websites, we noted that the latest price of major construction materials in the PRC is regularly collected and published for reference. The Management is of the view, and we concur, that such information is publicly available and, in general, transparent. As such, the Management is able to assess the fairness and reasonableness of the estimated costs of a construction project quoted by the Drawin Intelligent Construction Technology (if it has been selected to provide EPC general contracting Service).

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The proposed profit margin and the contract price for EPC general contracting service per square metre are set with reference to the average construction price quoted from the other market participants in 2020 and the projected level of demand for EPC general contracting services of the Group from 2021 to 2023. In this regard, we have selected and reviewed two set of construction price quotations obtained from or contracts entered into with independent construction contractors during 2020 or 2019 (where constructions were scheduled to be carried out in 2020) for comparison.

Further, as discussed with the Management, a project management fee as a percentage of the construction cost will normally be charged for EPC general contracting services, and the amount of such fee will depend on the contract size, the duration of the project and the complexity of project.

Accordingly, the price quoted by the Drawin Intelligent Construction Technology to the Group is determined by a cost-plus pricing basis, where the Drawin Intelligent Construction Technology sets a mark-up of not more than 8% on its estimated construction costs for a reasonable level of profit. Having conducted research on comparable companies primarily engaged in EPC projects, five listed comparables (“Comparables”) have been identified. Among which, two Comparables were listed on Main Board of Stock exchange and another three were listed on Shanghai Stock Exchange or Shenzhen Stock Exchange. The five Comparables are mainly focused on provision of construction services, such as building construction services, park and landscaping construction, etc., consisting of construction contracting, design, survey or consultancy services in mainland China. Based on the latest published information, we noted that their gross profit margin of EPC related services were approximately 2%, 3%, 7%, 9% and 14%, respectively, and the profit margin and management fee of not more than 8% to be charged by the Drawin Intelligent Construction Technology to the Group is within the range of 2% to 14%. As the prices of materials and construction costs are updated by the Management from time to time based on publicly available data updating every month on regional official authority websites, the Management will be able to derive the construction cost of the relevant project, and, in turn, estimate the project management fees payable by the Group to the Drawin Intelligent Construction Technology (if it has been selected to provide EPC general contracting Service). We noted that the price cap of RMB2,780 per square metre (inclusive of tax) is comparable with the average contractual and settlement prices of the Group’s previous construction projects, and the prices of materials is expected to remain relatively stable as discussed with the Management. Based on the above, the Management is of the view, and we concur that the basis in setting (i) the profit margin and management fee of not more than 8% of the construction costs; and (ii) the price cap of RMB2,780 per square metre (inclusive of tax) is fair and reasonable.

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Having reviewed the pricing policy of determining the contractual price for EPC general contracting service (i.e. estimated costs of a construction project plus a profit margin and management fee of not more than 8% of the construction costs) and compared, on a sampling basis, (i) the breakdown of historical costs in relation to the Group's construction projects undertaken by Drawin Intelligent Construction Technology during the year ended 31 December 2020; (ii) the actual clearing statements issued by Drawin Intelligent Construction Technology to the Group at project completion to confirm the transaction amounts for EPC general contracting service provided; and (iii) invoices issued by the Drawin Intelligent Construction Technology to the Group, against the list of materials used for construction services, as well as construction price quotations previously obtained from independent construction contractors by the Group, we are of the view that the construction costs and profit margin charged to the Group by the Drawin Intelligent Construction Technology was comparable with those charged to the Group by the independent construction contractors. In addition, having discussed with the Management and reviewed sample contracts, we noted that the project management fees offered by the Drawin Intelligent Construction Technology (with regard to the EPC general contracting Service) to the Group was either the same or slightly better than those offered by the Drawin Intelligent Construction Technology to its other independent customers.

In accordance with the selection or bidding process as set out in the Framework Agreement I, each time when the Group selects a contractor for the provision of EPC general contracting services, the Group will consider the quotation from the Drawin Intelligent Construction Technology and compare it with the market price expected to be charged or offered by other service providers in the city or district in which the relevant technology park being constructed is located. According to the National Bureau of Statistics of PRC, there were more than 72,000 construction contractors offering EPC related services in the PRC in 2019. As such, the Group is able to obtain price quotations through making enquiries with market participants without any obstacles. It is also noted that some tender prices for provision of the EPC general contracting services may be available on the government websites of the public resources trading centers for reference. In addition, the price information of major construction materials is also publicly available and, in general, transparent as aforementioned. As such, the Management is of the view, and we concur, that pricing of the EPC general contracting services is, in general, transparent.

Furthermore, we have (i) reviewed the relevant internal control policies of the Group; (ii) discussed with the Management; and (iii) reviewed relevant transaction records, as aforementioned, for the year ended 31 December 2020, to understand the internal control measures adopted by the Group in respect of the pricing mechanism and the aggregate transaction volume under the EPC Service Arrangement, including, for instance, the regular monitoring by the Management of the prices of materials and construction costs from time to time, as well as the requirements for approvals by the finance department of monthly financial statements submitted by the relevant subsidiaries of the Group setting out the aggregate value of the

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transactions. Based on the above, we consider that the internal control measures of the Group are in place to safeguard the subject transactions to be carried out in a fair and reasonable manner and in the interests of the Company's shareholders as a whole.

Having taken into account the aforesaid, we are of the view that the pricing mechanism under the EPC Services Arrangement is fair and reasonable.

3.2.2 With regard to the Framework Agreement II

Supply Arrangement

Pursuant to the Supply Arrangement, the integrated unit price of the prefabricated construction components and products to be supplied by the Group to the Drawin Intelligent Construction Technology should be the prevailing market price of each unit. In principle, the provisional unit price should not exceed RMB3,400 per cubic metre (inclusive of tax). Subject to the actual volume of the unit supplied, the final unit price may be adjusted. The integrated unit price of the prefabricated construction components and products is set with reference to the average unit price per cubic metre of the prefabricated construction components and products quoted from the other market participants in 2020, the projected level of demand for prefabricated units from the Drawin Intelligent Construction Technology and other market participants from 2021 to 2023, and the estimated costs of each unit manufactured by the Group from 2021 to 2023. In this regard, we have obtained the latest price list of materials used for the construction services in the PRC published on local government websites which is the one of the reference or factors taking consideration by market participants prior to providing their quotations.

As discussed with the Management, we understand that latest price of prefabricated construction materials in the PRC is included in the price list of construction materials published on local government websites and used by the Group as reference when determining the prevailing market prices. In addition to the prevailing market prices, the marketing department of the Group will assess and make reference to (i) the market price range of such units as charged by the largest supplier in the relevant locality; (ii) a comparison of the quality and standard of those prefabricated construction components and products, and (iii) the demand for such components and products in the market at the relevant time, in preparation of the price quotation to be provided to the Drawin Intelligent Construction Technology. Furthermore, we understand from the Management that various factors may also be taken into consideration, including, among others, the production costs of the Group, the duration of the relevant projects, the complexity of the relevant projects, and the terms of the existing sales contracts entered into between the Group and other independent customers, to ensure the pricing for the Supply Arrangement is determined on an arm's length basis. Having reviewed and compared latest price of prefabricated construction materials in the PRC, we noted that the price cap of RMB3,400 per cubic metre is comparable with and able to cover the prevailing market prices in respect of the majority of prefabricated construction

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components and products supplied by the Group to Drawin Intelligent Construction Technology. As such, the Management is of the view, and we concur that the basis in setting a price cap of RMB3,400 per cubic metre (inclusive of tax) is fair and reasonable.

Having reviewed the pricing policy of determining the pricing for Supply Arrangement and compared, on a sampling basis, (i) the breakdown of unit production costs in relation to the Group's prefabricated construction components and products supplied to Drawin Intelligent Construction Technology during the year ended 31 December 2020; (ii) the actual clearing statements issued by the Group to Drawin Intelligent Construction Technology to confirm the transaction amounts for the sales of prefabricated construction components and products; and (iii) invoices issued by the Group to the Drawin Intelligent Construction Technology, against the breakdown of unit production costs in relation to the Group's prefabricated construction components and products supplied to other independent customers during the year ended 31 December 2020, as well as sales prices previously offered to other independent customers by the Group, we are of the view that the unit production costs and profit margin applied in the calculation of the Group's provisional prices for the Drawin Intelligent Construction Technology was comparable with those for the independent customers.

In addition, we noted that, given the price list of materials used for the construction services (i.e. including the prefabricated construction components and products) in the PRC are publicly available and, in general, transparent, both the Group and its customers (including the Drawin Intelligent Construction Technology) are able to assess the prevailing market price per unit of such prefabricated construction components and products. As the Supply Arrangement is a continuing connected transaction, the marketing department will, from time to time, review and assess if such provisional prices by the Group is no less favourable to the Group than sales prices offered to other independent customers. In the circumstances where the Group's actual unit production costs considerably differs from the estimated unit production costs due to the change in volume of the unit supplied, the general manager, who is responsible for the business segment of supplying the prefabricated construction components and products, will make final approval of the adjusted unit prices. The Management confirms that Drawin Intelligent Construction Technology does not have any influence to the marketing department of the Group nor the general manager in respect of pricing of the prefabricated construction components and products.

Having taken into account the aforesaid, we are of the view that the pricing mechanism under the Supply Arrangement is fair and reasonable.

Furthermore, we have (i) reviewed the relevant internal control policies of the Group; (ii) discussed with the Management; and (iii) reviewed relevant transaction records, as aforementioned, for the year ended 31 December 2020, to understand the internal control measures adopted by the Group in respect of pricing mechanism under the Supply Arrangement, including, for instance, the continuing assessment by

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the marketing department of the Group as to whether the price quoted by the Group under the Supply Arrangement to the Drawin Intelligent Construction Technology is no less favorable than that offered to the independent customers. Based on the above, we consider that the internal control measures of the Group are in place to safeguard the subject transactions to be carried out in a fair and reasonable manner and in the interests of the Company's shareholders as a whole.

3.2.3 With regard to the Framework Agreement III

Park Design Service Arrangement

Pursuant to the Park Design Service Arrangement, the contract price for the design services in respect of technology parks to be provided by Drawin Construction Design Group to the Group is 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 and the provisional contract price for technology park design services should not exceed RMB25 per square metre (inclusive of tax) in principle. Subject to the actual size of the park for which the design is rendered, the final contract price may be adjusted. Pursuant to the Framework Agreement III, the contractual price for park design services to be quoted by Drawin Construction Design shall not be higher than the market rate within the industry. The proposed profit margin and the contract price for the technology park design services are set with reference to the average design service fee per square metre generally charged by the other market participants in 2020 and the projected level of demand for design service of the Group from 2021 to 2023. In this regard, we have selected and reviewed two set of design service price quotations obtained from independent design service providers in respect of design service for one certain technology park during 2020 or 2019 (where constructions were scheduled to be carried out in 2020) for comparison.

In addition, we understand from the Management that, when deciding the reasonable range of profit margin and management fee to be charged by design service providers, multiple factors such as the profit margin and management fee charged for the EPC Service Arrangement, the estimated design costs based on prior experience, as well as the design service price quotations obtained from independent design service providers have been taken into consideration to ensure it would be on normal commercial terms. In particular, it is noted that similar rationale and basis as the EPC Service Arrangement have been adopted in determining the profit margin and management fee of not more than 5% on its estimated construction cost, which is after arm's length negotiation with Drawin Construction Design Group and allows for a reasonable level of profit in respect the technology park design services provided to the Group by the Drawin Construction Design Group. Also, we have performed calculations based on the estimated design costs and design service price quotations as aforementioned to ensure the profit margin and management fee of not more than 5% is justifiable and does not contradict normal commercial terms. On the other hand, the price cap of RMB25 per square metre (inclusive of tax) was determined the same as last year considering that the design costs is expected to

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remain relatively stable as discussed with the Management. Based on the abovementioned, the Management is of the view, and we concur, that the basis in setting (i) the profit margin and management fee of not more than 5% of the design costs; and (ii) the price cap of RMB25 per square metre (inclusive of tax) is fair and reasonable.

Having (i) discussed with the Management on the pricing policy of determining the contract price for technology park design services; (ii) compared, on a sampling basis, the contract prices offered by Drawin Construction Design Group to the Group and to independent third parties during the year ended 31 December 2020; and (iii) reviewed the actual clearing statements regarding the actual transaction amounts for technology park design services, we noted that the design fee charged to the Group by Drawin Construction Design Group was either comparable or slightly lower than those charged to independent third parties.

Having taken into account the aforesaid, we are of the view that the pricing mechanism under the Park Design Arrangement is fair and reasonable.

Furthermore, we have (i) reviewed the relevant internal control policies of the Group; (ii) discussed with the Management; and (iii) reviewed relevant transaction records, as aforementioned, for the year ended 31 December 2020, to understand the internal control measures adopted by the Group in respect of the pricing mechanism and the aggregate transaction volume under the Park Design Service Arrangement, including, for instance, the regular monitoring by the Management as to whether the transaction terms under the Park Design Service Arrangement are no less favorable than that offered by independent design service providers, as well as the requirements for approvals by the finance department of monthly financial statements submitted by the relevant subsidiaries of the Group setting out the aggregate value of the transactions. Based on the above, we consider that the internal control measures of the Group are in place to safeguard the subject transactions to be carried out in a fair and reasonable manner and in the interests of the Company's shareholders as a whole.

3.3 Selection or bidding process

3.3.1 With regard to the Framework Agreement I

EPC Service Arrangement

Pursuant to the EPC Service Arrangement, the Drawin Intelligent Construction Technology may participate in the selection or bidding process arranged by the Group for the construction of technology parks of the Group. Upon selection of the Drawin Intelligent Construction Technology as the contractor through the selection or bidding process, Drawin Intelligent Construction Technology will provide, or procure its subsidiaries to provide, EPC general contracting services to the Group for the development of the Group's technology parks in the PRC in accordance with the terms of the tender and relevant service contract. Where the Drawin Intelligent Construction Technology is the only bidder, the Group will compare its quotation

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with the market price expected to be charged or offered by other construction contractors in the city or district in which the relevant technology park being constructed is located, and where the construction timetable of the relevant technology park permits, the Group will also invite construction price quotations from at least two other independent construction contractors for review and comparison purposes.

Based on the discussion with the Management, we understand that, (i) where the construction timetable of the relevant technology park permits, the Group will only enter into contracts with Drawin Construction Technology Group pursuant to the Framework Agreement I when the construction price quotation from the Drawin Construction Technology Group in respect of the EPC general contracting services in the city or district where the relevant technology park to be constructed is lower than, or within the range of, the market price to be charged or offered formally or informally by other independent construction contractors in the same local market; and (ii) the Group will directly assign Drawin Construction Technology Group due to time constraints only if, based on the past experience of the Management, the prices quoted from Drawin Construction Technology Group are within the range of the market price in the city or district where the relevant technology park to be constructed. In addition to price, the Group also takes other factors into account, including but not limited to credentials, ability to satisfy specifications, construction quality and relevant qualifications, during the selection or bidding process. Furthermore, we have reviewed the internal records of contractor selection process for construction which commenced in 2020, and noted that the Group had initiated tendering processes for the constructions of the technology parks and received price quotation and relevant tendering document from up to three independent constructors.

Taken into consideration of (i) construction timetables of the relevant technology parks; (ii) the records of selection process, including documents and images; (iii) the selection of contractors has adhered to the policy prescribed by the Company, we are of the view that the policy of selection or bidding process is properly implemented and complied with by the Group.

Furthermore, we have (i) reviewed the relevant internal control policies of the Group; (ii) discussed with the Management; and (iii) reviewed relevant transaction records, as aforementioned, for the year ended 31 December 2020, to understand the internal control measures adopted by the Group in respect of the selection or bidding process under the EPC Service Arrangement, including, for instance, the regular monitoring by the Management as to whether the quotations from the Drawin Intelligent Construction Technology are compared to, and are no less favorable than, that offered by independent construction contractors, as well as the in-depth evaluation by the investment management department based on a scoring system which is applicable to all bidders. In addition, we noted that the investment management department of the Group is responsible for the selection of contractor. The Management further confirms that there is no connected person at the issuer level of the Company in its investment management department, and to ensure the

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independence of the investment management department as well as the evaluation, selection and approval process, the Company will ensure that no connected person of the Company who are related to the Drawin Manufacture Group Entities will join the investment management department and no information in relation to the evaluation, selection and approval of contractors will be disclosed to such connected persons of the Company. Based on the above, we consider that the internal control measures of the Group are in place to safeguard the subject transactions to be carried out in a fair and reasonable manner and in the interests of the Company's shareholders as a whole.

3.3.2 With regard to the Framework Agreement III

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 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 design of the Group's technology parks in the PRC in accordance with the terms of the tender and relevant service contract. Where the Drawin Construction Design Group is the only bidder, the Group will compare its quotation with the market price expected to be charged or offered by other service providers and where the timetable permits, the Group will invite price quotations from at least two other independent design service providers for review and comparison purposes.

As discussed with the Management, we understand that, the Group will only contract with the Drawin Construction Design Group pursuant to the Framework Agreement III if the price quoted by Drawin Construction Design Group in respect of the technology park design services in the city or district where the relevant technology park to be constructed is located is lower than, or within the range of, the market price to be charged or offered by other independent design service providers in the same local market. In addition to price, the Group also takes other factors into account, including but not limited to credentials, ability to satisfy specifications and relevant qualifications, during the selection or bidding process. Having reviewed the internal records of selection process in respect of the technology park design services during the year ended 31 December 2020, we are of the view that the policy of selection or bidding process is properly implemented and complied with by the Group.

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Furthermore, we have (i) reviewed the relevant internal control policies of the Group; (ii) discussed with the Management; and (iii) reviewed relevant transaction records, as aforementioned, for the year ended 31 December 2020, to understand the internal control measures adopted by the Group in respect of the selection or bidding process under the Park Design Service Arrangement, including, for instance, the regular monitoring by the Management as to whether the quotations from the Drawin Construction Design Group are compared to, and are no less favorable than, that offered by independent design service providers, as well as the in-depth evaluation by the investment management department based on a scoring system which is applicable to all bidders. In addition, we noted that the investment management department of the Group is responsible for the selection of contractor. The Management further confirms that there is no connected person at the issuer level of the Company in its investment management department, and to ensure the independence of the investment management department as well as the evaluation, selection and approval process, the Company will ensure that no connected person of the Company who are related to the Drawin Manufacture Group Entities will join the investment management department and no information in relation to the evaluation, selection and approval of contractors will be disclosed to such connected persons of the Company. Based on the above, we consider that the internal control measures of the Group are in place to safeguard the subject transactions to be carried out in a fair and reasonable manner and in the interests of the Company's shareholders as a whole.

3.4 Payment arrangement

The Framework Agreements provides that the details of all fees and payments due to the Drawin Intelligent Construction Technology pursuant to the EPC Service Arrangement or due to the Group pursuant to the Supply Arrangement or due to the Drawin Construction Design Group pursuant to the Park Design Service Arrangement should be specified in relevant service or supply contract to be entered into by the relevant parties. Having reviewed the relevant service or supply contracts entered into in 2020 under the Previous Framework Agreements, we understand that the respective payment arrangements for the two services in each of the Previous Framework Agreements were generally in line, which are separately summarised below. Given that relevant internal control policies have been adopted by the Group in respect of selection of construction contractors or design service providers, in which payment arrangement is one of the core factors to be reviewed by the Group, we consider it to be justifiable if the below payment arrangements are applied to or served as reference for new service or supply contracts to be entered into under the Framework Agreements.

3.4.1 With regard to the Framework Agreement I

EPC Service Arrangement

According to the Management, the payment arrangement between the Group and the Drawin Intelligent Construction Technology with regard to the EPC Service Arrangement is set out as follow:

- (i) The Group shall pay the project progress payment to the Drawin Intelligent Construction Technology every month based upon the construction progress, until the cumulative payment amount reaches 70% of the contract sum;
- (ii) Upon completion and settlement of the construction project, 95% of the final settlement price shall be paid; and
- (iii) The remaining 5% shall be paid one-off when the warranty period of deficiency (i.e. usually two years) expires and no quality issue has arisen.

Having discussed with Management and by reviewing sample contracts, we noted that the payment terms granted by other independent construction contractors in the PRC are similar to that offered by the Drawin Intelligent Construction Technology Group to the Group under the EPC Services Arrangement. We further understand from the Management that this is Drawin Intelligent Construction Technology's practice and in line with the terms offered by the Drawin Intelligent Construction Technology to its other independent customers. Having considered the above, we are of the view that the payment method of the EPC Service Arrangement is fair and reasonable and on normal commercial terms.

3.4.2 With regard to the Framework Agreement II

Supply Arrangement

According to the Management, the payment arrangement between the Group and the Drawin Intelligent Construction Technology for Supply Arrangement is set out as follows:

- (i) The Drawin Intelligent Construction Technology shall make a prepayment to the Group within 10 days after the entering into of the supply contract, which shall account for approximately 10% of the contract sum of the supply contract;
- (ii) The Drawin Intelligent Construction Technology shall pay the project progress payment to the Group every month according to the working progress, until the cumulative payment amount reaches 70% of the contract sum;

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- (iii) Upon completion and settlement of the relevant project, 95% of the final settlement price shall be paid; and
- (iv) The remaining 5% shall be paid one-off when the warranty period of decency (i.e. usually two years) expires and no quality issue has arisen.

We have compared the payment terms offered by the Group to other independent customers (i.e. by reviewing (i) the contract list with summary of payment terms and (ii) randomly selected sample contracts) with that offered by the Group to the Drawin Intelligent Construction Technology and noted that the payment terms applied to the Drawin Intelligent Construction Technology are similar to those in the existing contracts entered into between the Group and other independent customers. Having considered the above, we are of the view that the payment method of the Supply Arrangement is fair and reasonable and on normal commercial terms.

3.4.3 With regard to the Framework Agreement III

Park Design Service Arrangement

According to the Management, the payment arrangement between the Group and the Drawin Construction Design Group for the Park Design Service Arrangement is set out as follows:

- (i) The Group shall make a deposit to the Group within 7 days after entering into of the contract, which shall account for approximately 5% of the contract sum of the contract;
- (ii) The Group shall pay to Drawin Construction Design Group within 7 days upon receiving the approval of design or working plan, after which the cumulative payment amount reaches 90% of the contract sum; and
- (iii) Upon completion and settlement of the relevant project, the remaining 95% of the final settlement price shall be paid.

Having discussed with Management and reviewed the contract terms, we noted that the payment terms granted by other independent design service providers in the PRC are similar to that offered by the Drawin Construction Design to the Group under the Park Design Services Arrangement. We further understand from the Management that this is Drawin Construction Design's practice and in line with the terms offered by the Drawin Construction Design to its other independent third party customers. Having considered the above, we are of the view that the payment method of the Park Design Service Arrangement is fair and reasonable and on normal commercial terms.

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4 Historical and Proposed Transaction Value and Annual Cap

4.1 Historical transaction value and annual caps under the Previous Framework Agreements

In respect of the annual caps of the Supply Arrangement and the estimated transaction value of EPC Service Arrangement and Park Design Service Arrangement under the Previous Framework Agreements, the actual realized transaction amounts and the utilisation rates for the year ended 31 December 2020 are set out below:

	Actual realized transaction amounts (RMB)	Annual cap/ Estimated transaction value (RMB)
<i>Previous Framework Agreement I</i>		
EPC Service Arrangement	158.00 million	160 million
Supply Arrangement	150.03 million	200 million
 <i>Previous Framework Agreement II</i>		
Park Design Service Arrangement	1.64 million	2.5 million

4.1.1 Historical transaction value for the EPC Service Arrangement

The estimated transaction value for the EPC Service Arrangement as contemplated in the Previous Framework Agreement I was RMB160 million. The actual transaction value for the EPC Service Arrangement for the year ended 31 December 2020 was approximately RMB158.00 million, representing approximately 98.8% of the then estimated transaction value.

4.1.2 Historical transaction value for the Supply Arrangement

The proposed annual cap for the Supply Arrangement as contemplated in the Previous Framework Agreement I was RMB200 million. The actual transaction amount for the Supply Arrangement in 2020 was approximately RMB150.03 million, representing approximately 75.0% of the then proposed annual cap.

Having discussed with the Management, we noted that the key reason attributable to not fully utilising the then proposed annual cap was that there were certain delays in commencement of production due to Covid-19 after completion of some new technology parks during last year. As a result of the above, the Group did not reach the projected sales amount of prefabricated units to Drawin Intelligent Construction Technology for the year ended 31 December 2020. Given the demand of Drawin Intelligent Construction Technology for prefabricated construction components and products is subject to changes due to various factors uncontrolled by the Group, considering the Group utilised majority of the then proposed annual cap, the Management believes, and we concur, that not fully utilising of the then proposed annual cap in the past have no bearing on the fairness and reasonableness of the basis to determine the then proposed annual cap.

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4.1.3 Historical transaction value for the Park Design Service Arrangement

The estimated transaction value for the Park Design Service Arrangement in the Previous Framework Agreement II was RMB2.5 million. The actual transaction value for the Park Design Service Arrangement for the year ended 31 December 2020 was approximately RMB1.64 million, representing approximately 65.9% of the then estimated transaction value.

4.2 Proposed Annual Cap for the Supply Arrangement and the estimated transaction values under the EPC Service Arrangement and the Park Design Service Arrangement

The proposed annual cap for the Supply Arrangement and the estimated maximum transaction values under the EPC Service Arrangement and the Park Design Service Arrangement under the Framework Agreements, for the three years ending 31 December 2023 are set out below:

	Proposed Annual Caps/Estimated maximum transaction values					
	Year ending 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	
	<i>(equivalent to approximately (RMB) HK\$)</i>		<i>(equivalent to approximately (RMB) HK\$)</i>		<i>(equivalent to approximately (RMB) HK\$)</i>	
<i>Framework Agreement I</i>						
EPC Service Arrangement	550 million	659.69 million	450 million	539.75 million	450 million	539.75 million
<i>Framework Agreement II</i>						
Supply Arrangement	400 million	479.78 million	500 million	599.72 million	500 million	599.72 million
<i>Framework Agreement III</i>						
Park Design Service Arrangement	6.5 million	7.80 million	7.0 million	8.40 million	7.0 million	8.40 million

4.2.1 Estimated transaction value for the EPC Service Arrangement under the Framework Agreement I

When arriving at our view with regard to the estimated maximum value of the transactions under the EPC Service Arrangement under Framework Agreement I of RMB550 million, RMB450 million and RMB450 million for the three years ending 31 December 2023 respectively, we have (i) reviewed several service contracts samples signed between the Group and independent third parties; (ii) discussed with the Management regarding the estimated costs and construction plans of the nine secured sites which are under construction and three sites newly identified in 2021^(Note 1); and (iii) reviewed the summary of all the technology parks developed by the Group and the

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areas in PRC which are planned to be acquired and to be developed between 2021 and 2023. We have also considered the following factors in determining the estimated maximum transaction value:

- (i) According to the Management, the Group plans to develop, construct and continue to construct 23 technology parks between 2021 and 2023. Among which nine of the 23 sites are under construction and are expected to be completed in 2021, and three sites have been newly identified;
- (ii) Drawin Intelligent Construction Technology has been engaged for the development of technology parks for all of the nine sites as abovementioned under Previous Framework Agreements;
- (iii) the Group plans to undertake the development of 9, 9 and 9 technology parks (including ongoing construction and commencement of new construction) for each of 2021, 2022 and 2023, respectively;
- (iv) According to the Group's technology parks development and progress plan, the Company estimates that the aggregate construction area to be constructed between 2021 and 2023 will be approximately 550,000 square metres;
- (v) Assuming that the Group will attribute all or a large portion of its demand for EPC general contracting services to the Drawin Intelligent Construction Technology, as the average expected or actual construction price in respect of EPC general contracting services to be offered by independent construction contractors to the Group is generally higher than that offered by the Drawin Intelligent Construction Technology, based on past experience and the Group's technology parks development and progress plan;
- (vi) The maximum aggregate construction area to be constructed by the Drawin Intelligent Construction Technology in each of 2021, 2022 and 2023 will be approximately 220,000, 170,000 and 160,000 square metres, respectively; and
- (vii) the contract price for EPC general contracting service that may be quoted by the Drawin Intelligent Construction Technology to the Group under the Framework Agreement I shall not exceed RMB2,780 per square metre (inclusive of tax).

Given that each of the abovementioned items has been supported and reasonably arrived at, we consider the estimated maximum value of the transactions under the EPC Service Arrangement for the three years ending 31 December 2023 of RMB550 million, RMB450 million and RMB450 million respectively, calculated by multiplying the aggregate estimated construction area of the technology parks in which construction activities will be completed by the three years ending 31 December 2023 with the maximum contractual price of RMB2,780 per square metre, to be fair and reasonable.

Notes 1: The nine secured sites and three newly identified sites include technology parks in Yuxi, Huai'an, Qijiang, Jiangsia, Dongli, Dengfeng, Ruyang, Queshan, Nantong, Langfang, Hainan and Chengdu.

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4.2.2 Proposed Supply Arrangement Annual Cap under the Framework Agreement I

When arriving at our view with regard to the Proposed Supply Arrangement Annual Cap of RMB400 million, RMB500 million and RMB500 million respectively for the three years ending 31 December 2023, we have performed the following work, such as (i) reviewed several supply contracts samples signed between the Group and independent third parties; (ii) discussed with management of the Group regarding their estimated demand for prefabricated construction units between 2021 and 2023; and (iii) reviewed the summary list of on hand projects with Drawin Intelligent Construction Technology and third parties. In addition, we have considered the following factors in determining the Proposed Annual Cap for the Supply Arrangement:

- (i) According to the Management, the estimation by the Company that the demand of prefabricated construction components and products from the Drawin Intelligent Construction Technology will be approximately 450,000 cubic metres in aggregate from 2021 to 2023, based on a recent discussion between the Company and the Drawin Intelligent Construction Technology with a 10% buffer factored in based on past experience;
- (ii) based on the above, the estimated demand from the Drawin Intelligent Construction Technology for prefabricated construction units from 2021 to 2023 being approximately in the range of 130,000 to 160,000 cubic metres in each year;
- (iii) the Group's plan to develop, construct and continue to construct 23 technology parks from 2021 to 2023. The Company therefore believes that it will be in a better position to acquire greater market share in the prefabricated construction unit market in general and to fulfill the demand of the Drawin Intelligent Construction Technology of prefabricated construction units from 2021 to 2023; and
- (iv) the unit selling price of the prefabricated construction components that may be quoted by the Group to the Drawin Intelligent Construction Technology under the Framework Agreement I shall not exceed RMB3,400 per cubic metre (inclusive of tax).

Based on the discussion with the Management and news media research conducted, we note that the PRC government policies are generally supportive of the development of the Group's prefabricated construction unit business in the PRC. The industry of prefabricated construction has expanded in terms of its overall scale due to the combined effect of the guidance of policies together with the faster speed in investment momentum for real estate development, which was evidenced by the advice documents specific to the local areas on implementation and planning of the prefabricated construction issued by all of the 31 provinces including autonomous regions and municipalities directly administered under the Central Government in China. In view of the favorable policy

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environment, it is expected that the Group will be able to acquire more mandates for prefabricated units from the Drawin Intelligent Construction Technology under the Supply Arrangement, and accordingly, the Proposed Supply Arrangement Annual Cap has been set at the proposed level after taking into consideration of the aforementioned factors.

Having discussed with the Management, we understand that the actual demand for prefabricated construction units may vary as planned subject to changes of construction plan or change of design. Based on (i) historical transaction amount, (ii) Drawin Intelligent Construction Technology's demand according to their contracts on hand, (iii) maximum expected volume (i.e. 450,000 cubic metres) and maximum price as set out in the Framework Agreement I (i.e. RMB3,400 per cubic metre). We are of the view that the maximum demand for prefabricated construction components and products of the Drawin Intelligent Construction Technology, as mentioned in (ii) of the factors determining the Proposed Supply Arrangement Annual Cap, has been properly derived.

Given that each of the abovementioned factors has been supported and reasonably arrived at, we consider the Proposed Supply Arrangement Annual Cap for the three years ending 31 December 2023 of RMB400 million, RMB500 million and RMB500 million respectively to be fair and reasonable.

4.2.3 Estimated transaction value for the Park Design Service Arrangement under Framework Agreement III

When arriving at our view with regard to the estimated maximum value of the transactions under the Park Design Service Arrangement under Framework Agreement III of RMB6.5 million, RMB7.0 million and RMB7.0 million, respectively for the three years ending 31 December 2023, we have (i) reviewed the contacts entered into between the Company and Drawin Construction Design Group for the year ended 31 December 2020; and (ii) discussed with the Management regarding the development plan for nine secured sites which are under construction and 14 sites which plan to be constructed between 2021 and 2023; and (iii) reviewed the summary list of the technology parks under construction or planned to be developed. In addition, we have considered the following factors in determining the estimated maximum transaction value:

- (i) the aggregate area of the technology parks which the Group plans to finalise their design from 2021 to 2023 will be approximately 260,000, 270,000 and 270,000 square metres; and
- (ii) the contract price for the technology park design service that may be quoted by Drawin Construction Design Group to the Group under Framework Agreement III shall not exceed RMB25 per square metre (inclusive of tax).

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Given that each of the abovementioned factors has been supported and reasonably arrived at, we consider the estimated maximum value of the transactions under the Park Design Service Arrangement for the three years ending 31 December 2023 of RMB6.5 million, RMB7.0 million and RMB7.0 million, respectively, calculated by multiplying the aggregate estimated construction area of the technology parks during the three years ending 31 December 2023 with the maximum contractual price of RMB25 per square metre, to be fair and reasonable.

4.3 Significance of the contemplated transactions under the Framework Agreements to the Group's business

4.3.1 Supply Arrangement

Based on the Company's revenue for the year ended 31 December 2020 as published in its annual results announcement dated 29 March 2021, the maximum amount of the Proposed Supply Arrangement Annual Cap for the three years ending 31 December 2023 would represent approximately 55% of the Company's revenue for 2020. Having discussed with the Management, we understand that such percentage is expected to further decrease based on the Company's estimates of its revenue in 2021 to 2023. In this regard, we have reviewed the business expansion plan, the breakdown of estimated revenue contribution from independent third party customers as well as the underlying basis and assumptions as provided by the Company, in particular (i) the full lists of independent third party customers for the year ended 31 December 2020 and up to 31 March 2021; (ii) the summary of ongoing contracts as at 31 December 2020 and newly secured contracts up to 31 March 2021 for the supply of prefabricated construction components and products to the independent third party customers; (iii) the breakdown of estimated revenue contribution by contracted projects for the year ending 31 December 2021; (iv) the summary of strategic cooperation framework agreement entered into with independent third party customers in relation to the supply of prefabricated construction components and products; and (v) randomly selected samples of the strategic cooperation framework agreements which were entered into in late 2020 or early 2021. It is noted that, the Company has extended its efforts in developing sales to independent third party customers as demonstrated by the contracts on hand, which have contributed or will contribute to the Company's revenue during 2021 to 2023. For the three months ended 31 March 2021, 25 contracts for the supply of prefabricated construction components and products to the independent third party customers have been newly secured by the Company, among which, 18 of them were entered into with new independent third party customers. The Management expects to further diversify its customer base by enhancing market penetration in major developed regions in the PRC where it has completed its fundamental layout as well as entering into strategic cooperation with new independent third party customers.

On the other hand, we have reviewed the latest construction plan of technology parks and the summary of their respective expected production capacity for 2021 to 2023. We understand that the estimated demand for prefabricated construction units from the Drawin Intelligent Construction Technology Group during 2021 to 2023 is expected to represent only less than 15% of the Company's designed production capacity.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the foregoing, Company believes, and we concur that, it does not have a substantial reliance on Drawin Manufacture in respect of the Supply Arrangement. Notwithstanding that the maximum amount of the Proposed Supply Arrangement Annual Cap for the three years ending 31 December 2023 would represent a relatively high percentage of the Company's revenue for 2020, we are of the view that such is justifiable after taking into consideration the reasons for and benefits of entering into the Supply Arrangement as well as the internal control measures adopted by the Company.

4.3.2 EPC Service Arrangement and the Park Design Service Arrangement

Based on the Company's revenue for the year ended 31 December 2020 as published in its annual results announcement dated 29 March 2021, the maximum transaction values under the EPC Service Arrangement and the Park Design Service Arrangement in aggregate for the year ending 2021 would represent approximately 61% of the Company's revenue for 2020. Having discussed with the Management, we understand that such percentage is expected to further decrease based on the Company's estimates of its revenue in 2021 to 2023, as detailed in the sub-section above.

In addition, we understand that the Group conducts 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 (if applicable). Having said that, the Group will only contract with the Drawin Intelligent Construction Technology Group or the Drawin Construction Design Group (as the case may be) in respect of the EPC Service Arrangement or the Park Design Service Arrangement (as the case may be) if the price quoted by them is lower than, or within the range of, that from other bidders or market price. As aforementioned, we have reviewed the relevant internal control policies of the Group and the internal records of contractor selection process for construction which commenced in 2020.

Based on the foregoing, Company believes, and we concur that, it does not have a substantial reliance on Drawin Manufacture in respect of the EPC Service Arrangement and the Park Design Service Arrangement. Notwithstanding that the maximum transaction values under the EPC Service Arrangement and the Park Design Service Arrangement in aggregate for the year ending 2021 would represent a relatively high percentage of the Company's revenue for 2020, we are of the view that such is justifiable after taking into consideration the reasons for and benefits of entering into the EPC Service Arrangement and the Park Design Service Arrangement as well as the internal control measures adopted by the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) entering into the Framework Agreements and the transactions contemplated thereunder is in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Framework Agreements are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) the Proposed Supply Arrangement Annual Cap and the estimated transaction values under the EPC Service Arrangement and Park Design Service Arrangement, are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the SGM to approve the Framework Agreements.

Yours faithfully,
For and on behalf of
Fortune Financial Capital Limited
Alfred Wu
Managing Director

Mr. Alfred Wu (“Mr. Wu”) is a responsible officer of Fortune Financial Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Wu has over 10 years of experience in corporate finance advisory in Hong Kong.

RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Name of Director or chief executive	Capacity and nature of interest	Number of Shares held¹	Approximate percentage of the issued share capital of the Company²
Mr. Liu Weixing	Beneficial owner	31,290,000 (L) ³	1.12%
Mr. Guo Weiqiang	Beneficial owner	22,000,000 (L) ⁴	0.79%
Ms. Wang Jing	Beneficial owner	8,000,000 (L) ⁵	0.29%

Notes:

1. The letter "L" denotes the individual's long position in Shares.
2. The percentages have been calculated based on 2,802,400,730 Shares in issue as at the Latest Practicable Date.
3. Mr. Liu Weixing holds 3,290,000 ordinary shares in the Company and holds 28,000,000 share options that were granted on 30 November 2020, pursuant to the share option scheme adopted by the Company on 17 July 2020.
4. Mr. Guo Weiqiang holds 1,000,000 ordinary shares in the Company and holds 21,000,000 share options that were granted on 30 November 2020, pursuant to the share option scheme adopted by the Company on 17 July 2020.
5. Ms. Wang Jing holds 8,000,000 share options in the Company that were granted on 30 November 2020, pursuant to the share option scheme adopted by the Company on 17 July 2020.

At the Latest Practicable Date, Ms. Wallis Wu (alias Li Hua) serves as a director of Jianye Holdings Limited, Construction Housing Group Company Limited, Construction Development (H.K.) Company Limited and Joy Bright Investments Limited, each of which is the Company's direct or indirect controlling shareholder holding in aggregate approximately 72.27% of the issued share capital of the Company in aggregate. Save as the above, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, an interest or short position in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

As at Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested, directly or indirectly, and which was significant in relation to the business of the Group.

DIRECTORS' INTEREST IN THE FRAMEWORK AGREEMENTS

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 Manufacture), none of the Directors has a material interest in the Framework Agreements 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 Agreements and the transactions contemplated thereunder.

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this Circular:

Name	Qualification
Fortune Financial Capital Limited	a corporation licensed to conduct type 6 (advising on corporate finance) regulated activities under the SFO.

The expert has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the expert was not interested in any shares in the Company or any member of the Group, nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares in the Company or any member of the Group.

As at the Latest Practicable Date, the expert had not had any interest, direct or indirect, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or its subsidiaries which will not expire or be determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation).

NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated finance statements of the Company were made up, and up to the Latest Practicable Date.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which interest would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder.

MISCELLANEOUS

- (i) The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (ii) The head office and principal place of business of the Company in Hong Kong is located at Unit Nos. 7707 and 7708 on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iii) The company secretary of the Company is Mr. Tsang Ho Pong who is a member of The Hong Kong Institute of Certified Public Accountants.
- (iv) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (v) The registered office of the Independent Financial Adviser, Fortune Financial Capital Limited, is at 4102-06, 41/F, COSCO Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong.
- (vi) The English text of this Circular prevails over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong), at Unit Nos. 7707 and 7708 on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this Circular up to and including the date of the SGM:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the Framework Agreements;
- (iii) the Previous Framework Agreements;
- (iv) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this Circular;
- (v) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 55 of this Circular;
- (vi) the written consents referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (vii) a copy of this Circular.

NOTICE OF SPECIAL GENERAL MEETING



DIT GROUP LIMITED

築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of DIT Group Limited (the “**Company**”) will be held at Unit Nos. 7707-7708, 77/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 26 May 2021 at 10:45 a.m. (or immediately after the conclusion of the annual general meeting to be held on the same day) for the purpose of considering and, if thought fit, passing the following resolutions (with or without amendments) as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

Words and expressions that are not expressly defined in this notice shall bear the same meaning as those defined in the circular dated 4 May 2021 issued by the Company.

1. “**THAT**

- (a) the EPC Service Arrangement and the terms of the EPC Service Arrangement contemplated under the Framework Agreement I dated 18 March 2021 (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) be and are hereby confirmed, approved and ratified;
- (b) the estimated transaction values under the EPC Service Arrangement (as set out in the Circular) be and are hereby approved; and
- (c) any one Director be and is hereby authorized to, on behalf of the Company, do all such acts and things and sign, seal, execute and deliver all such documents and take all such actions which he may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the EPC Service Arrangement contemplated under the Framework Agreement I.”

NOTICE OF SPECIAL GENERAL MEETING

2. **“THAT**

- (a) the Supply Arrangement and the terms of the Supply Arrangement contemplated under the Framework Agreement II dated 18 March 2021 (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) be and are hereby confirmed, approved and ratified;
- (b) the Proposed Supply Arrangement Annual Cap (as set out in the Circular) be and are hereby approved; and
- (c) any one Director be and is hereby authorized to, on behalf of the Company, do all such acts and things and sign, seal, execute and deliver all such documents and take all such actions which he may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the Supply Arrangement contemplated under the Framework Agreement II.”

3. **“THAT**

- (a) the Park Design Service Arrangement and the terms of the Park Design Service Arrangement contemplated under the Framework Agreement III dated 18 March 2021 (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) be and are hereby confirmed, approved and ratified;
- (b) the estimated transaction values under the Park Design Service Arrangement (as set out in the Circular) be and are hereby approved; and
- (c) any one Director be and is hereby authorized to, on behalf of the Company, do all such acts and things and sign, seal, execute and deliver all such documents and take all such actions which he may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the Park Design Service Arrangement contemplated under the Framework Agreement III.”

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

Hong Kong, 4 May 2021

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Principal place of business in Hong Kong:
Unit Nos. 7707 and 7708, Level 77
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) The register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021, both dates inclusive, for the purpose of ascertaining the entitlement of the shareholders of the Company to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 20 May 2021.
- (2) A shareholder entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxy to attend and, in the event of a poll, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares of the Company in respect of which each such proxy is so appointed.
- (3) A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.
- (4) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for the holding of the meeting or adjourned meeting thereof.
- (5) In the case of joint registered holders of any shares of the Company, any one of such joint registered holders may vote at the SGM, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint registered holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (6) If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the SGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at <http://dit.aconnect.com.hk> and on the website of the Stock Exchange at <http://www.hkexnews.hk> to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
- (7) Voting at the SGM will be taken by poll.

As at the date of this notice, the Board comprises Mr. Liu Weixing (Chairman), Mr. Guo Weiqiang and Ms. Wang Jing 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.