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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)

PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 20 August 2021 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and allot, and the Subscriber has conditionally agreed to subscribe for, 300,000,000 Subscription Shares at the Subscription Price of HK\$0.96 per Subscription Share (representing a premium of approximately 33.33% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement), to be settled in cash.

The Subscription Shares represent (i) approximately 10.71% of the existing total issued shares of the Company as at the date of this announcement and (ii) approximately 9.67% of the total issued shares of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company from the date of the Subscription Agreement to the Closing Date save for the issue of the Subscription Shares). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate substantial beneficial owners as publicly disclosed by the Subscriber Parent are third parties independent of the Company and its connected persons.

The Subscription Shares will be issued and allotted under the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds from the Subscription will be HK\$288,000,000. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$287,500,000, among which, HK\$90,000,000 is intended to be used for digitalization and software development in relation to the construction industry and the remaining amount for working capital and other general corporate purposes.

The Subscriber Parent is principally engaged in the business of construction engineering informationization in the PRC. The Board believes that there is considerable potential for business collaboration and synergies between the Group and the Subscriber Parent's group, and the Subscription will provide the Company with additional funds and broaden its shareholders' base and is in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

20 August 2021 (after trading hours of the Stock Exchange)

Parties to the Subscription Agreement

- (i) the Company as the issuer of the Subscription Shares; and
- (ii) the Subscriber as the subscriber for the Subscription Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate substantial beneficial owners as publicly disclosed by the Subscriber Parent are third parties independent of the Company and its connected persons and the Subscriber and the Subscriber Parent currently do not own any Shares.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and allot, and the Subscriber has conditionally agreed to subscribe for, 300,000,000 Subscription Shares at the Subscription Price of HK\$0.96 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company from the date of the Subscription Agreement to the Closing Date save for the issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 10.71% of the existing total issued shares of the Company as at the date of this announcement; and
- (ii) approximately 9.67% of the total issued shares of the Company as enlarged by the issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$120,000,000.

Subscription Price

The Subscription Price of HK\$0.96 per Subscription Share represents:

- (i) a premium of approximately 33.33% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 30.83% to the average closing price of approximately HK\$0.738 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 28.61% to the average closing price of approximately HK\$0.754 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day.

The net subscription price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.9583.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account, among other things, the recent trading price and trading volume of the Shares. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The obligations of the Subscriber to subscribe and pay for, and the obligations of the Company to issue and allot, the Subscription Shares to the Subscriber (or its designated nominee(s)) are subject to the fulfilment or waiver (as the case may be) of the following conditions on or before the Longstop Date:

- (a) the listing of the Shares not having been cancelled or withdrawn;
- (b) the granting of the approval for the listing of, and permission to deal in, the Subscription Shares by the Stock Exchange (such approval not having been revoked prior to Completion);
- (c) there being no breach or potential breach of any of the representations, warranties and undertaking given by the Subscriber under the Subscription Agreement;
- (d) all necessary internal or external consents, confirmations, permits, approvals, licenses and authorizations required to be obtained by the Subscriber in respect of the transactions contemplated under the Subscription Agreement having been obtained; and
- (e) the Subscriber and the Subscriber Parent having complied with the applicable requirements under the laws and regulations of the Shenzhen Stock Exchange.

The Company may at its sole discretion waive any of the conditions set out in paragraphs (c) to (e) above. The conditions set out in (a) and (b) are not waivable by the Company or the Subscriber.

Completion

Completion will take place on the Closing Date, being the third Business Day following the date on which all the Conditions have been satisfied (or waived in accordance with the Subscription Agreement), or such other date as the Company and the Subscriber may agree in writing. The Subscriber shall settle the aggregate Subscription Price in full on the Closing Date.

Ranking

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of issue of the Subscription Shares.

Lock-up

Pursuant to the Subscription Agreement, the Subscriber undertakes that it and its designated nominee(s) will not, without the prior written consent from the Company, sell, transfer or otherwise dispose of the Subscription Shares for a period of one (1) year from Completion.

Nomination of Directors

Pursuant to the Subscription Agreement, within one (1) year from Completion, the Subscriber shall have the right to nominate one candidate to be put forward to the Board for appointment as a Director. The Company shall procure a meeting of the Board to be held no later than 14 Business Days after receipt of written notice from the Subscriber of the proposed candidate to consider and approve the appointment of such candidate as a Director, subject to compliance with the applicable laws, the Listing Rules and the Articles.

In addition, pursuant to the Subscription Agreement, so long as the individual nominated by the Subscriber remains as a Director, if any of the net proceeds from the Subscription were used for digitalization and software development in relation to the construction industry, the Group shall consult this Director in respect of such use.

The Company will make the requisite announcement for the Director's appointment in accordance with the Listing Rules as and when appropriate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate. Under the General Mandate, the Company is authorised to issue and allot up to 560,480,146 Shares, representing 20% of the total issued shares of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been issued and allotted pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the issue and allotment of the Subscription Shares and the issue and allotment of the Subscription Shares is not subject to the Shareholders' approval.

INFORMATION ON THE PARTIES

The Company is a company incorporated in Bermuda with limited liability, 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.

The Subscriber is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Subscriber Parent. The Subscriber Parent is a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002410). The Subscriber Parent is principally engaged in the business of construction engineering informationization.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the Subscription will be HK\$288,000,000. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$287,500,000. The Company intends to apply the net proceeds from the Subscription: (i) as to HK\$90,000,000 for digitalization and software development in relation to the construction industry, and (ii) the remaining amount for working capital and other general corporate purposes.

The Group will, from time to time, explore collaboration opportunities with strategic investors and partners to create synergies with, and complement, the Group's existing business and future business development. The Subscriber Parent is a top rank market leader of construction engineering informationization in the PRC. The Board believes that there is considerable potential for business collaboration and synergies between the Group and the Subscriber Parent's group, which may lead to greater operational efficiencies and complement the Group's business expansion plan. The additional funds brought to the Group from the Subscription can strengthen the financial position and broaden the capital base of the Group to facilitate its business operations and development.

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the issue and allotment of the Subscription Shares is an appropriate means of raising additional capital for the business operations and development of the Group since it will provide the Company with additional funds without having to increase the Group's financing costs and will broaden the shareholders' base of the Company. The Directors consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Closing Date) are summarised as follows:

	As at the date of this announcement		Immediately following Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Wu Po Sum ^(Note 1)	2,025,177,425	72.27	2,025,177,425	65.28
Mr. Liu Weixing ^(Note 2)	4,840,000	0.17	4,840,000	0.16
Mr. Guo Weiqiang ^(Note 2)	2,930,000	0.10	2,930,000	0.09
Public				
— The Subscriber	—	—	300,000,000	9.67
— Other public Shareholders	<u>769,453,305</u>	<u>27.46</u>	<u>769,453,305</u>	<u>24.80</u>
Total	<u><u>2,802,400,730</u></u>	<u><u>100.00</u></u>	<u><u>3,102,400,730</u></u>	<u><u>100.00</u></u>

Note:

1. Mr. Wu Po Sum is interested in the 2,025,177,425 Shares through (i) Joy Bright Investments Limited, which is directly wholly owned by Mr. Wu Po Sum and which directly holds 245,567,425 Shares, and (ii) Jiayao Global Investments Limited, which directly holds 1,470,110,000 Shares and is indirectly interested in 309,500,000 Shares through its indirect wholly-owned subsidiaries. Jiayao Global Investment Limited is indirectly wholly-owned by Mr. Wu Po Sum.
2. Each of Mr. Liu Weixing and Mr. Guo Weiqiang is an executive Director.
3. The percentages are subject to rounding difference, if any.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on May 26, 2021
“Articles”	the articles of association of the Company from time to time
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for business of dealing in securities
“Closing Date”	the date on which Completion shall take place, which shall be the third Business Day after the date on which all the Conditions have been satisfied or waived, or on such other date as the Company and the Subscriber may agree in writing
“Company”	DIT Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Conditions “	the conditions precedent to Completion, as more particularly set out under the paragraph headed “The Subscription Agreement — Conditions Precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Directors”	directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then total issued shares of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate
“Last Trading Day”	19 August 2021, being the last trading day immediately prior to the entering into of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longstop Date”	20 October 2021, or on such other date as the Company and the Subscriber may agree in writing
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.4 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Glodon (Hongkong) Software Limited, a company incorporated in Hong Kong with limited liability, being the subscriber of the Subscription Shares under the Subscription Agreement
“Subscriber Parent”	Glodon Company Limited (廣聯達科技股份有限公司), a company established under the laws of the PRC with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 20 August 2021 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.96 per Subscription Share

“Subscription Shares” an aggregate total of 300,000,000 new Shares to be issued and allotted by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement

“%” per cent.

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

Hong Kong, 20 August 2021

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