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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 CONTINUING CONNECTED TRANSACTIONS — (1) DECORATION SERVICE ARRANGEMENT; AND (2) LANDSCAPING SERVICE 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 5 to 15 of this Circular. A letter of advice containing the recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 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 18 to 35 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 Thursday, 9 September 2021 at 10:00 a.m. is set out on pages 40 to 42 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.

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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
“CCRE”	Central China Real Estate Limited (建業地產股份有限公司*), a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 832)
“CCRE Group”	CCRE and its subsidiaries from time to time
“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
“Decoration Service Arrangement”	the provision of decoration services by the Group to CCRE Group for their property development projects as set out in the Framework Agreement I
“Director(s)”	the director(s) of the Company from time to time
“Framework Agreement I”	the agreement entered into between the Company and CCRE on 7 July 2021 in relation to the Decoration Service Arrangement
“Framework Agreement II”	the agreement entered into between the Company and CCRE on 7 July 2021 in relation to the Landscaping Service Arrangement
“Framework Agreements”	the Framework Agreement I and the Framework Agreement II
“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

DEFINITIONS

“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 Annual Caps) and the transactions contemplated thereunder
“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 Annual Caps) 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
“Landscaping Service Arrangement”	the provision of landscaping services by the Group to CCRE Group for their property development projects as set out in the Framework Agreement II
“Latest Practicable Date”	17 August 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 of Hong Kong Limited
“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
“Proposed Annual Caps”	the Proposed Decoration Service Arrangement Annual Cap and the Proposed Landscaping Service Arrangement Annual Cap
“Proposed Decoration Service Arrangement Annual Cap”	the proposed annual cap in respect of the Decoration Service Arrangement over the term of the Framework Agreement I

DEFINITIONS

“Proposed Landscaping Service Arrangement Annual Cap”	the proposed annual cap in respect of the Landscaping Service Arrangement over the term of the Framework Agreement II
“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 Thursday, 9 September 2021 at 10:00 a.m. or any adjournment thereof for the Independent Shareholders to consider and, if thought fit, approve the Decoration Service Arrangement and the Landscaping Service Arrangement and the terms of the Decoration Service Arrangement and the Landscaping Service Arrangement contemplated under the Framework Agreements (including the Proposed Annual Caps), the notice of which is set out on pages 40 to 42 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)”	the holder(s) of the issued 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)
“%”	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 = RMB0.83186. 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.



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

Registered office:

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

Non-Executive Directors:

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

Principal Place of Business in Hong Kong:

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

Independent Non-Executive Directors:

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

24 August 2021

To the Shareholders

Dear Sir/Madam,

**FRAMEWORK AGREEMENTS IN RELATION TO
CONTINUING CONNECTED TRANSACTIONS —
(1) DECORATION SERVICE ARRANGEMENT; AND
(2) LANDSCAPING SERVICE ARRANGEMENT; AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement issued by the Company on 7 July 2021 in relation to, among others, the Framework Agreements entered into by the Company and CCRE Group in relation to (i) the provision of decoration services by the Group to CCRE Group, namely the Decoration Service Arrangement and (ii) the provision of landscaping services by the Group to CCRE Group, namely the Landscaping Service Arrangement.

LETTER FROM THE BOARD

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 Annual Caps);
- (iii) the letter of advice from the Independent Financial Adviser containing its advice in connection with the Framework Agreements (including the Proposed Annual Caps); and
- (iv) a notice convening the SGM for the Independent Shareholders to consider and, if thought fit, approve the Decoration Service Arrangement and the Landscaping Service Arrangement and the terms of the Decoration Service Arrangement and the Landscaping Service Arrangement contemplated under the Framework Agreements (including the Proposed Annual Caps).

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT I

Date: 7 July 2021 (after trading hours)

Parties: (1) the Company; and
(2) CCRE

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 as well as the agreement of the parties, be extended or renewed. If the term of the Framework Agreement I exceeds 31 December 2023, the Company will re-comply with the relevant requirements of the Listing Rules.

Subject matters:

Pursuant to the Decoration Service Arrangement, the Group may participate in the selection and bidding process arranged by CCRE Group for the provision of decoration services such as interior decoration and curtain wall decoration for high-end or fully-furnished property development projects of CCRE Group. Upon selection of the Company as the contractor through the selection or bidding process, the Company will provide, or procure its subsidiaries to provide, decoration services to CCRE Group in accordance with the terms of the tender and relevant service contracts.

LETTER FROM THE BOARD

Pricing:

Under the Decoration Service Arrangement, the contract price for decoration services to be provided by the Group should be determined with reference to, exclusive of tax, the estimated costs of a decoration project, including construction fees, technical measures fees, site management fees, among others, and a gross profit margin of not more than 18% of such costs.

The Group will determine the amount of gross profit margin to be charged for each project with reference to prevailing market rate at the time of the tender and expects that the said gross profit margin would not be lower than 5% of the estimated costs of such decoration project. The Group is of the view that such lower limit of the gross profit margin provides the flexibility to quote competitive contract price for CCRE amidst changing market conditions.

In respect of decoration services provided under the Framework Agreement I, the Group shall quote a contract price for CCRE not higher than those offered to comparable independent third party customers in respect of comparable decoration services.

Payment arrangement:

The Framework Agreement I provides that details of the payment mechanism for all fees and payments due to the Group pursuant to the Decoration 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: 7 July 2021 (after trading hours)

Parties: (1) the Company; and
(2) CCRE

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 as well as the agreement of the parties, be extended or renewed. If the term of the Framework Agreement II exceeds 31 December 2023, the Company will re-comply with the relevant requirements of the Listing Rules.

LETTER FROM THE BOARD

Subject matters:

Pursuant to the Landscaping Service Arrangement, the Group may participate in the selection and bidding process arranged by CCRE for the provision of landscaping services in respect of property development projects of CCRE Group, including greening and gardening works, road works and outdoor water and drainage system installation works. Upon selection of the Company as the contractor through the selection or bidding process, the Company will provide, or procure its subsidiaries to provide, landscaping services to CCRE Group in accordance with the terms of the tender and relevant service contracts.

Pricing:

Under the Landscaping Service Arrangement, the contract price for landscaping services to be provided by the Group should be determined with reference to, exclusive of tax, the estimated costs of a landscaping project, including construction fees, technical measures fees, site management fees, among others, and a gross profit margin of not more than 20% of such costs.

The Group will determine the amount of gross profit margin to be charged for each project with reference to prevailing market rate at the time of the tender and expects that the said gross profit margin would not be lower than 5% of the estimated costs of such landscaping project. The Group is of the view that such lower limit of the gross profit margin provides the flexibility to quote competitive contract price for CCRE amidst changing market conditions.

In respect of landscaping services provided under the Framework Agreement II, the Group shall quote a contract price for CCRE not higher than those offered to comparable independent third party customers in respect of comparable landscaping services.

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 Landscaping Service Arrangement should be specified in the relevant service contracts to be entered into by the parties.

PROPOSED ANNUAL CAPS IN RESPECT OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENTS

Proposed Annual Caps

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 Decoration Service Arrangement and the Landscaping Service Arrangement over the term of the Framework

LETTER FROM THE BOARD

Agreement I and the Framework Agreement II, respectively. The Proposed Decoration Service Arrangement Annual Cap and the Proposed Landscaping Service Arrangement Annual Cap are 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 (RMB) HK\$)</i>		<i>(equivalent to approximately (RMB) HK\$)</i>		<i>(equivalent to approximately (RMB) HK\$)</i>	
The Decoration Service Arrangement	200 million	240 million	300 million	360 million	400 million	480 million
The Landscaping Service Arrangement	200 million	240 million	300 million	360 million	400 million	480 million

The actual value of each transaction under the Decoration Service Arrangement and the Landscaping 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 service contracts as described above.

Basis of determination

In arriving at the Proposed Decoration Service Arrangement Annual Cap and the Proposed Landscaping Service Arrangement Annual Cap, the Directors have taken into consideration the following factors (as appropriate):

- (i) in respect of the Decoration Service Arrangement,
 - (a) pursuant to recent negotiations between the Company and CCRE, CCRE's demand for new decoration projects in 2021 involves a total project area of approximately 1.54 million sq.m., which corresponds to approximately RMB1.02 billion in decoration services contract sums;
 - (b) pursuant to recent negotiations between the Company and CCRE, it is expected that the Group can undertake up to 50% of business volumes from CCRE's decoration business in 2021, which corresponds to approximately RMB510 million in decoration services contract sums;
 - (c) based on the current effective contracted sums-turnover conversion ratio of the Group, which is approximately 68% with respect to the Group's current decoration services contracts for the year, it is estimated that the RMB510 million contracted sums arising from decoration services provided by the Group to CCRE in the second half of 2021 will be converted into a turnover of approximately RMB300 million;
 - (d) having considered the term of the Framework Agreement I, it is expected that the Group shall then realize a revenue of RMB200 million in the current year, representing approximately 67% of the aforesaid turnover; and

LETTER FROM THE BOARD

- (e) the projection by the Group that the Proposed Decoration Service Arrangement Annual Cap for 2022 and 2023 will grow to RMB300 million and RMB400 million, respectively, based on the estimated demand from CCRE and estimated turnover conversion ratio.
- (ii) in respect of the Landscaping Service Arrangement,
 - (a) pursuant to recent negotiations between the Company and CCRE, CCRE's demand for new landscaping projects in 2021 involves a total project area of approximately 1.88 million sq.m., which corresponds to approximately RMB940 million in landscaping services contract sums;
 - (b) pursuant to recent negotiations between the Company and CCRE, it is expected that the Group can undertake up to 50% of business volumes from CCRE's landscaping business in 2021, which corresponds to approximately RMB470 million in landscaping services contract sums;
 - (c) based on the current effective contracted sums-turnover conversion ratio of the Group, which is approximately 46% with respect to the Group's current landscaping services contracts for the year, it is estimated that the RMB470 million contracted sums arising from landscaping services provided by the Group to CCRE in the second half of 2021 will be converted into a turnover of approximately RMB200 million.
 - (d) having considered the term of the Framework Agreement II, it is expected that the Group shall then realize a revenue of RMB200 million in the current year, representing 100% of the aforesaid turnover; and
 - (e) the projection by the Group that the Proposed Landscaping Service Arrangement Annual Cap for 2022 and 2023 will grow to RMB300 million and RMB400 million, respectively, based on the estimated demand from CCRE and estimated turnover conversion ratio.

Historical amounts

As the transactions contemplated under the Framework Agreements represent new transactions with CCRE, no historical transaction amounts are available for disclosure purposes.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The Group has conducted market expansion and industrial arrangement in major cities in China, especially in central China including Henan Province and the eight surrounding provinces and cities. In respect of decoration service capabilities, it can efficiently provide a multitude of construction services in hard and soft interior decoration and exterior decoration projects for common areas in residential properties, sales department, model rooms, batch finishing, commercial properties, clubhouses, office buildings, schools, shops and other

LETTER FROM THE BOARD

premises, including construction materials supply and installation services. In respect of landscaping services capabilities, it can efficiently provide design services for solid paving, tree planting, landscape building and construction, landscape wall and fencing, miniature, minor topography, waterscape, lighting, water supply and drainage, background music and ancillary facilities, as well as technical services during preconstruction and construction of a landscaping project.

With our increasing business capabilities, the Group can deliver high quality decoration and landscaping services in large volumes in the abovementioned regions. By entering into the Framework Agreements, the Group can fully leverage its strengths and expertise to obtain additional income streams.

The Framework Agreement I and the Framework Agreement II 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 Decoration Service Arrangement and the Landscaping Service Arrangement.

The agreed terms stipulated under the Framework Agreement I and the Framework Agreement II 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 Agreement I and the Framework Agreement II.

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.

Each time when the Group provides decoration and landscaping services for CCRE, the Group will comply with CCRE’s selection requirements and provide them with solutions in respect of price, qualification (including past experience and credentials), service quality, capabilities of meeting specification and safety standards (if applicable) in accordance with the same procedures as those of the independent third parties for purpose of participating in a bidding. The Group will be selected as CCRE’s contractor when terms offered are better than or equal to those of the independent third parties. As such, there is no guarantee that the Group will be selected as the contractor for the provision of the relevant services as there may be other readily available, comparable and competent contractors in the market for CCRE to consider.

LETTER FROM THE BOARD

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 Decoration Service Arrangement and the Landscaping Service Arrangement. This shall enable regular monitoring of the pricing terms (including the lower and upper limits of the relevant gross profit margins) of each transaction agreed upon between the Group and CCRE under the relevant arrangements.

The finance department of the Company will also monitor the transaction volume under the Decoration Service Arrangement and the Landscaping Service Arrangement to ensure the Proposed Annual Caps will not be exceeded. Monthly financial statements setting out the value of the transactions under the Decoration Service Arrangement and the Landscaping Service Arrangement will be submitted to the finance department of the Company.

During the term of the Framework Agreements, if there is a likelihood that the Proposed Annual Caps may be exceeded, the finance department of the Company shall report the matter to the Company's senior management, who shall negotiate with CCRE at the Group level to take remedial actions immediately, including the suspension of transactions. The Company shall renegotiate with CCRE to revise such annual caps and re comply with all relevant laws and regulations and the Listing Rules (where applicable, the announcement requirement, the Independent Shareholders' approval requirement and/or independent Directors' approval), and shall ensure that the Proposed Annual Caps will not be exceeded before such compliance.

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.

CCRE

CCRE is a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 832). It is principally engaged in real estate development and sales in Henan Province, the PRC.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wu Po Sum indirectly held 72.27% of the issued Shares, hence an indirect controlling shareholder of the Company, and indirectly held 69.64% of the issued shares of CCRE. Mr. Wu Po Sum is also the father of Ms. Wu Wallis (alias Li Hua) (a non-executive Director). Therefore, CCRE is a connected person of the Company under the Listing Rules, and each of the Decoration Service Arrangement and the Landscaping Service Arrangement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Decoration Service Arrangement and the Landscaping Service Arrangement are of revenue nature in the ordinary and usual course of business of the Group, and the counterparties are the same; therefore, in accordance with Rule 14A.81 of the Listing Rules, the Decoration Service Arrangement and the Landscaping Service Arrangement shall be aggregated when calculating the applicable percentage ratios.

As the applicable percentage ratios in respect of the Proposed Decoration Service Arrangement Annual Cap and the Proposed Landscaping Service Arrangement Annual Cap in aggregate exceed 5%, the transactions contemplated under the Decoration Service Arrangement and the Landscaping Service Arrangement are 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, as of the Latest Practicable Date, (i) Mr. Liu Weixing, an executive Director and the chairman of the Board, directly holds approximately 0.43% of the issued shares of CCRE; (ii) Ms. Wu Wallis (alias Li Hua), a non-executive Director, directly holds approximately 0.34% of the issued shares of CCRE and is also a non-executive director of CCRE and the daughter of Mr. Wu Po Sum (who is an indirect controlling shareholder of CCRE); and (iii) Mr. Wang Jun, a non-executive Director, directly holds approximately 0.55% of the issued shares of CCRE and is also an executive director of CCRE. Save as disclosed above, no other Directors has a material interest in the Framework Agreements and the transactions contemplated thereunder. For good corporate governance purpose, Mr. Liu Weixing, Ms. Wu Wallis (alias Li Hua) and Mr. Wang Jun had abstained from voting on the relevant Board resolutions approving the Framework Agreements and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Framework Agreements (including the Proposed Annual Caps). 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) 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 Annual Caps 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.

LETTER FROM THE BOARD

The Directors 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 Thursday, 9 September 2021 at 10:00 a.m. (or immediately after the conclusion of the annual general meeting to be held on the same day) is set out on pages 40 to 42 of this Circular.

At the SGM, ordinary resolutions will be proposed to the Independent Shareholders to approve the Decoration Service Arrangement and the Landscaping Service Arrangement and the terms of the Decoration Service Arrangement and the Landscaping Service Arrangement contemplated under the Framework Agreements (including the Proposed Annual Caps). 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.

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 controlled and were 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, and (3) Mr. Liu Weixing, an executive Director and the chairman of the Board, directly held 4,840,000 Shares, representing approximately 0.17% of the issued Shares of the Company, and he controlled and was entitled to exercise control over the voting right in respect of such 4,840,000 Shares. Save for these 4,840,000 Shares, Mr. Liu Weixing does not control nor is he entitled to exercise control over the voting right in respect of any other Shares. In this respect, they will 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

LETTER FROM THE BOARD

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 Monday, 6 September 2021 to Thursday, 9 September 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 Friday, 3 September 2021.

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 16 to 17 of this Circular;
- (ii) the letter from the Independent Financial Adviser, the text of which is set out on pages 18 to 35 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 Annual Caps) 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)

24 August 2021

To the Independent Shareholders

Dear Sir/Madam,

FRAMEWORK AGREEMENTS IN RELATION TO CONTINUING CONNECTED TRANSACTIONS — (1) DECORATION SERVICE ARRANGEMENT; AND (2) LANDSCAPING SERVICE ARRANGEMENT; AND NOTICE OF SPECIAL GENERAL MEETING

We refer to the circular of the Company to the Shareholders dated 24 August 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 Annual Caps 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 Annual Caps), which contains, among other things, Fortune Financial Capital Limited's advice, opinions and recommendations regarding the terms of the Framework Agreements (including the Proposed Annual Caps), as set out on pages 18 to 35 of the Circular, and the Letter from the Board as set out on pages 5 to 15 of the Circular.

Having given due consideration to the reasons and factors relating to the Framework Agreements and their terms (including the Proposed Annual Caps) and to the advice and the recommendations of Fortune Financial Capital Limited contained in its letter of advice set out on pages 18 to 35 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 Annual Caps 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 Decoration Service Arrangement and the Landscaping Service Arrangement and the terms of the Decoration Service Arrangement and the Landscaping Service Arrangement contemplated under the Framework Agreements (including the Proposed Annual Caps).

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 Annual Caps), 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

24 August 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 CONTINUING CONNECTED TRANSACTIONS — (1) DECORATION SERVICE ARRANGEMENT; AND (2) LANDSCAPING SERVICE 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 Decoration Service Arrangement and the Landscaping Service Arrangement, and the terms of the Decoration Service Arrangement and the Landscaping Service Arrangement contemplated under the Framework Agreements (including the Proposed Annual Caps under Decoration Service Arrangement and the Landscaping Service Arrangement). Details of the Framework Agreements are set out in the “Letter from the Board” contained in the circular of the Company dated 24 August 2021 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Framework Agreements

Reference is made to the circular of the Company dated 24 August 2021 in relation to two framework agreements dated 7 July 2021 entered into between the Company and CCRE (collectively, the “Framework Agreements”), in respect of (a) the provision of decoration services by the Group to CCRE “Framework Agreement I”; and (b) the provision of landscaping services by the Group to CCRE “Framework Agreement II”, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Framework Agreement I

The Group entered into a framework agreement with CCRE on 7 July 2021 in respect of the Decoration Service Arrangement.

Pursuant to the Decoration Service Arrangement, the Group may participate in the selection and bidding process arranged by CCRE Group for the provision of decoration services such as interior decoration and curtain wall decoration for high-end or fully-furnished property development projects of CCRE Group. Upon selection of the Company as the contractor through the selection or bidding process, the Company will provide, or procure its subsidiaries to provide, decoration services to CCRE Group in accordance with the terms of the tender and relevant service contracts.

Framework Agreement II

The Group entered into a framework agreement with CCRE on 7 July 2021 in respect of the Landscaping service Arrangement.

Pursuant to the Landscaping Service Arrangement, the Group may participate in the selection and bidding process arranged by CCRE for the provision of landscaping services in respect of property development projects of CCRE Group, including greening and gardening works, road works and outdoor water and drainage system installation works. Upon selection of the Company as the contractor through the selection or bidding process, the Company will provide, or procure its subsidiaries to provide, landscaping services to CCRE Group in accordance with the terms of the tender and relevant service contracts.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wu Po Sum indirectly held 72.27% of the issued Shares, hence an indirect controlling shareholder of the Company, and indirectly held 69.64% of the issued shares of CCRE. Mr. Wu Po Sum is also the father of Ms. Wu Wallis (alias Li Hua) (a non-executive Director). Therefore, CCRE is a connected person of the Company under the Listing Rules, and each of the Decoration Service Arrangement and the Landscaping Service Arrangement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Decoration Service Arrangement and the Landscaping Service Arrangement are of revenue nature in the ordinary and usual course of business of the Group, and the counterparties are the same; therefore, in accordance with Rule 14A.81 of the Listing Rules, the Decoration Service Arrangement and the Landscaping Service Arrangement shall be aggregated when calculating the applicable percentage ratios.

As the applicable percentage ratios in respect of the Proposed Decoration Service Arrangement Annual Cap and the Proposed Landscaping Service Arrangement Annual Cap in aggregate exceed 5%, the transactions contemplated under the Decoration Service Arrangement and the Landscaping Service Arrangement are subject to the annual review, reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best of the Directors' knowledge and belief after having made all reasonable enquiries, as of the Latest Practicable Date, (i) Mr. Liu Weixing, an executive Director and the chairman of the Board, directly holds approximately 0.43% of the issued shares of CCRE; (ii) Ms. Wu Wallis (alias Li Hua), a non-executive Director, directly holds approximately 0.34% of the issued shares of CCRE and is also a non-executive director of CCRE and the daughter of Mr. Wu Po Sum (who is an indirect controlling shareholder of CCRE); and (iii) Mr. Wang Jun, a non-executive Director, directly holds approximately 0.55% of the issued shares of CCRE and is also an executive director of CCRE. Save as disclosed above, no other Directors has a material interest in the Framework Agreements and the transactions contemplated thereunder. For good corporate governance purpose, Mr. Liu Weixing, Ms. Wu Wallis (alias Li Hua) and Mr. Wang Jun had abstained from voting on the relevant Board resolutions approving the Framework Agreements and the transactions contemplated thereunder.

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 were determined after arm's length negotiation and on normal commercial terms which are fair and reasonable as far as the Independent Shareholders are concerned; (ii) the Proposed Annual Caps 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.

INDEPENDENT FINANCIAL ADVISER

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 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; (ii) the terms of the Framework Agreements were determined after arm's length negotiation and on normal commercial terms which are fair and reasonable as far as the Independent Shareholders are concerned; (iii) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned; and (iv) our recommendation on how the Independent Shareholders should vote in respect of the resolutions relating thereto proposed at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference made to the circulars issued by the Company dated 16 June 2020 and 4 May 2021, respectively, we acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company with regard to the respective connected and disclosable/continuing connected transactions in the last two years prior to the date of this Circular. 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.

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 CCRE; (ii) the annual report of the Company for the year ended 31 December 2020 (“2020 Annual Report”); and (iii) 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Decoration Service Arrangement (including the Proposed Annual Cap); (ii) the Landscaping Service Arrangement (including the Proposed Annual Cap), 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 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 Central China Real Estate Limited

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.

CCRE is a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 832). It is principally engaged in real estate development and sales in Henan Province, the PRC.

As at the Latest Practicable Date, Mr. Wu Po Sum indirectly held 72.27% of the issued Shares, hence an indirect controlling shareholder of the Company, and indirectly held 69.64% of the issued shares of CCRE. Mr. Wu Po Sum is also the father of Ms. Wu Wallis (alias Li Hua) (a non-executive Director). Therefore, CCRE is a connected person of the Company under the Listing Rules, and each of the Decoration Service Arrangement and the Landscaping Service Arrangement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

1.2 Latest business development and prospects of the Group

As disclosed in the 2020 Annual Report, the Group adopts a new business model covering the entire industry chain to create differentiated competitive advantages in the fiercely competitive prefabricated construction market. The Group has been long committed to improving the quality of buildings, reducing the cost of prefabricated buildings, and exploring a faster and better industrial development path for prefabricated buildings. It firmly believes that the vertically integrated business model can help reduce costs in all aspects and further exploit cost advantages. During the year ended 31 December 2020, the Group has created a business layout covering prefabricated construction components, decoration, landscape, and equipment, and the newly added smart landscaping services and smart decoration businesses will soon become the Group's profit growth drivers. The Company continued expanding its franchised plants, asset-light plants, decoration and landscaping services. It signed contracts on one franchised plant and seven asset-light plants. The expansion of its asset-light plants

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and franchised plants is a strong indication that companies in the industry trust the Company's technology and management ability, while the development of the decoration and landscaping services have further improved its business system based on the entire prefabricated construction industry chain. All these will help the Company promote the technology platform of the whole industry chain to other companies in the industry, and provide a good foundation for the promotion of asset-light business and technology platform business in the future.

On the basis of the aforesaid background and evidenced by the revenue attribute to new decoration and landscaping services of approximately HK\$37.4 million for the year ended 31 December 2020, the Group will further expand the newly added smart landscaping services and smart decoration so as to target at a higher level of technology development with better services while better business turnover and return of profitability will be achieved.

Issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China in November 2018, the notice of implementation plan for urban safety development opinions 《貫徹落實推進城市安全發展意見實施方案》 promotes the application of architectural decoration, green architectural, application of big data technology in construction projects and focuses on promoting the construction of new smart cities. According to the market research, the smart home decoration market is expected to reach RMB6,972.2 billion in 2024, with a compound annual growth rate at 8.5% from 2020 to 2024 and the landscape market is also expected to continue to grow rapidly, reaching a market value of RMB636.9 billion in 2024 with a compound annual growth rate of 8.7%. In light of the favorable government policies and the growing market, it is believed that the Group's expansion to the smart decoration services and smart landscaping services would be beneficial to the Group's business in the future.

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.

The Group is mainly engaged in prefabricated construction business and property investment in the PRC. The Group has conducted market expansion and industrial arrangement in major cities, in China, especially in central China including Henan Province and the eight surrounding provinces and cities. In respect of decoration service capabilities, it can also efficiently provide a multitude of construction services in hard and soft interior decoration and exterior decoration projects for common areas in residential properties, sales department, model rooms, batch finishing, commercial properties, clubhouses, office buildings, schools, shops and other premises, including construction materials supply and installation services. In respect of landscaping services capabilities, it can efficiently provide design services for solid paving, tree planting, landscape building and constructing, landscape wall, fencing, miniature, minor topography, waterscape, lighting, water supply and drainage, background music and ancillary facilities, as well as technical services during the preconstruction and construction stage of a landscaping project.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With the Group's increasing business capacity, the Group can deliver high quality decoration and landscaping services in large volumes in the abovementioned regions. By entering into the Framework Agreements, the Group can fully leverage its strengths and expertise to obtain additional income streams.

Based on the information provided by the Company, the Group possesses the licenses and certificates issued by relevant offices in the PRC to ensure its qualification in providing the decoration and landscaping services for CCRE. The Company has also confirmed that, to its best knowledge, information and belief having made all reasonable enquiries, all such licenses and certificates remained valid as at the Latest Practicable Date. Having considered that (i) all necessary licenses and certificates have been obtained by the Group in the PRC to undertake the types of decoration and landscaping projects of CCRE; and (ii) the track record of the Group on decoration services and the landscaping services, we agree with the Directors that Decoration Service Arrangement and the Landscaping Service Arrangement with CCRE enables the Group to fully make use of its own advantages and expertise to obtain additional income sources. The Framework Agreement I and the Framework Agreement II 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 Decoration Service Arrangement and the Landscaping Service Arrangement. Based on the foregoing, we consider that there is a justifiable commercial rationale for the Company and it is in the ordinary course of business of the Group to enter into the Decoration Service Arrangement and Landscaping Service Arrangement.

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. If the term of the Framework Agreements exceeds 31 December 2023, the Company will re-comply with the relevant requirements of the Listing Rules.

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 provides the Group flexibility to work with its decoration and landscaping customers (including CCRE), as well as to safeguard the interest of independent shareholders.

3.2 Pricing

With regard to the Framework Agreement I and II

Pursuant to the Decoration Service Arrangement, the contract price for decoration services to be provided by the Group should be determined with reference to, exclusive of tax, the estimated costs of a decoration project, including construction fees, technical measures fees, site management fees, among others, and a gross profit margin of not more than 18% of such costs. Pursuant to the Landscaping Service Arrangement, the contract price for landscaping services to be provided by the Group should be determined with reference to, exclusive of tax, the estimated costs of a landscaping project, including construction fees, technical measures fees, site management fees, among others, and a gross profit margin of not more than 20% of such costs. The Group shall quote a contract price for CCRE not higher than those offered to comparable independent third party customers in respect of comparable decoration or landscaping services. The proposed gross profit margin and the contract price for decoration or landscaping service are set with reference to (i) the gross profit margins of relevant segment revenue of other market participants in 2020; (ii) the historical gross profit margins of other independent third party customers in 2020 and 2021; and (iii) the projected level of demand for decoration or landscaping services from CCRE from 2021 to 2023. The Group will determine the gross profit margin to be charged for each project with reference to prevailing market rate at the time of the tender and expects that, in any event, the said gross profit margin would not be lower than 5% of the estimated costs of such decoration or landscaping project.

As discussed with the Management, we understand that the latest prices of materials/costs of labour for decoration and landscaping service are readily and publicly available on online platforms inquiry and such prices/costs are regularly published on local government websites which can be used by the Group as reference when determining the prevailing market prices. The Group also makes reference to the historical pricing for the provision of decoration and landscaping services to other independent customers in the PRC. In addition, the purchasing department of the Group will (i) assess and make reference to the market price of such materials obtained from related manufacturers, online platforms and consulting companies; (ii) ascertain the quality of those construction materials for decoration and landscaping service; and (iii) ascertain the supply for such construction materials in the market at the relevant time, in preparation of the price quotation to be provided to the CCRE.

Having reviewed the prices of materials used for decoration and landscaping services on certain local government websites and several online platforms for inquiry of construction materials prices, we noted that the latest price of major decoration and landscaping materials in the PRC is regularly published and collected 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to assess the fairness and reasonableness of the estimated costs of decoration and landscaping projects quoted by the Group when the Group participates in the selection and bidding process arranged by CCRE.

In respect of decoration projects, the contract price quoted by the Group to the CCRE is determined by a cost-plus pricing basis, where the Group sets a mark-up of not more than 18% of a gross profit margin on its estimated costs of a decoration project. Having conducted research through Bloomberg and websites of relevant listing platforms on comparable listed companies primarily engaged in the provision of decoration related services, 12 listed companies are identified. Among which, three are listed on the Main Board of the Hong Kong Stock Exchange, eight are listed on Shenzhen Stock Exchange and one is listed on Shanghai Stock Exchange. Based on the latest published financial information, we noted that their gross profit margins of decoration related services ranged from approximately 8% to 18% and the gross profit margin of not more than 18% to be charged by the Group to the CCRE is within the range.

Furthermore, we have obtained (i) the summary of the historical gross profit margin of the decoration projects of other independent third party customers undertaken by the Group in 2020 and 2021; (ii) selected contracts and reviewed their decoration price quotations obtained from or contracts entered into with independent customers during 2020 or 2021 (which the relevant projects have already commenced) and relevant actual cost breakdown for comparison; and (iii) other supporting documents including the actual clearing statements issued by the Group to the independent customers at project completion to confirm the transaction amounts for decoration service provided and invoices issued by the Group to the independent customers. Our sampling basis is designed to cover material contracts, of which three sizeable ongoing contracts with contract sum over RMB1 million and two completed contracts with contract sum below RMB1 million were selected (i.e. the contract values of completed contracts were generally below RMB1 million). We noted that the gross profit margins of decoration related services with similar nature comparable to the services to be rendered for CCRE ranged from approximately 14% to 26% with an average of approximately 16%.

We also note that other independent third party customers for decoration projects in 2020 and 2021 mainly consisted of two types: individual and corporate. The contract values of decoration projects undertaken by the Group were generally under RMB200,000 for individual customers and more than RMB1 million for corporate customers. Based on the historical record of the Group, the gross profit margin charged by the group to individual customers ranged from approximately 20% to 26%, with an average of approximately 23% while the gross profit margin charged by the group to corporate customers is relatively lower, ranged from approximately 14% to 19% with an average of approximately 16%.

Having considered that (i) CCRE's requirements, in terms of scope of work and quality standard, on decoration services are similar to corporate customers; and (ii) the expected contract values of decoration projects from CCRE in 2021 to 2023 to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

be generally more than RMB1 million, which is close to the contract size of decoration projects undertaken by the Group to corporate customers in 2020 and 2021, we are of the view that the historical gross profit margins of decoration projects of corporate customers undertaken by the Group, which ranged from approximately 14% to 19%, with an average of approximately 16%, are comparable and the gross profit margin of not more than 18% to be charged by the Group to the CCRE is within the range and close to the highest level.

Based on the above, the Management is of the view, and we concur that the basis in setting the gross profit margin of not more than 18% of the estimated costs of decoration projects are fair and reasonable.

In respect of landscaping projects, the contract price quoted by the Group to the CCRE is determined by a cost-plus pricing basis, where the Group sets a mark-up of not more than 20% of a gross profit margin on its estimated costs of a landscaping project. Similar to decoration projects, we have conducted research through Bloomberg and websites of relevant listing platforms on comparable listed companies primarily engaged in the provision of landscaping related services, 10 listed companies are identified. Among which, one is listed on the Main Board of the Hong Kong Stock Exchange, four are listed on Shenzhen Stock Exchange, one is listed on Shanghai Stock Exchange and four are listed on NEEQ. Based on the latest published financial information, we noted that their gross profit margins of landscaping related services ranged from approximately 3% to 30% with an average of approximately 21%. Among which, the average gross profit margin of five comparable listed companies with revenue of more than RMB1 billion from the provision of landscaping related services was approximately 24% while the average gross profit margin of the remaining five comparable companies was approximately 17%. It is reasonably believed that those five comparable companies with a larger scale in terms of revenue are generally easier to achieve economies of scale that enables them to minimise operating costs and have a better bargaining power for price negotiation, resulting into higher gross profit margins.

Having considered that (i) the Group commenced landscaping business in the second half of 2020 and all of landscaping projects were ongoing with relative small contracts values which only amounted to approximately RMB39.2 million as at 30 April 2021, the Group is currently growing and but has not reached the economies of scale as compared with those comparable companies with relevant segment revenue of over RMB1 billion; (ii) the aggregate landscaping services contract sums of CCRE to be undertaken by the Group is expected to be approximately RMB510 million in 2021 and continue to grow in 2022 and 2023, such continuous demand from CCRE would foster the development of the landscaping business of the Group; and (iii) leveraging on our cooperative relationship with CCRE, the Landscaping Service Arrangement would enable the Group to fully make use of its own advantages and expertise to bring in an additional and stable income source, we concur that the gross profit margin of landscaping services to be set at not more than 20%, which is close to the average of 21% of the gross profit margin of listed comparable companies, is considered to be fair and reasonable.

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In addition, we have obtained (i) the summary of the historical gross margins of the landscaping projects of other independent third party customers undertaken by the Group in 2020 and 2021 and (ii) selected contracts and reviewed their landscaping price quotations obtained from or contracts entered into with independent customers during 2020 or 2021 (which the relevant projects have already commenced) and relevant actual cost breakdown for comparison and (iii) other supporting documents including the internal approval of issuing payment invoices to the independent customers at project completion to confirm the transaction amounts for landscaping service provided and invoices issued by the Group to the independent customers. Our sampling basis is designed to cover material contracts, at which five sizeable ongoing contracts with contract sum over RMB2 million were selected (i.e. all landscaping projects were ongoing as at 30 April 2021). We noted that their gross profit margins of landscaping related services ranged from approximately 3% to 8% with an average of approximately 6%, which are lower than the gross profit margin of 20%. We noted that all of landscaping projects are ongoing with relative small contract values which only amounted to RMB39.2 million.

Based on the above the Management is of the view, and we concur that the basis in setting the gross profit margin of not more than 20% of the estimated costs of landscaping projects are fair and reasonable.

Furthermore, we note that the Group expects that the gross profit margin would not be lower than 5% of the estimated costs of such decoration or landscaping projects to be undertaken for CCRE. Comparing the lower limit with the gross profit margins of comparable listed companies as aforementioned, the lower limit of 5% is slightly lower than the lower range (i.e. 8%) of the gross profit margins of comparable listed companies engaging in decoration related services but slightly higher than the lower range (i.e. 3%) of the gross profit margins of comparable listed companies engaging in landscaping related services. However, having considered (i) such lower limit of the gross profit margin provides the flexibility to quote competitive contract price for CCRE amidst changing market conditions; and (ii) as discussed with the Management, it is estimated that a gross profit margin of 5% shall be sufficient to cover the relevant fixed costs arising from the additional income from the Decoration Service Arrangement and Landscaping Service Arrangement, the Management is of the view, and we concur that the basis in setting the gross profit margin of not lower than 5% of the estimated costs of decoration or landscaping projects are fair and reasonable.

3.3 Internal Control Measures

We noted that the prices of materials and costs of labour for the decoration and landscaping services in the PRC are publicly available and, in general, transparent, both the Group and its customers (including CCRE) are able to assess the gross margin applied for the decoration and landscaping services. Furthermore, the Group will determine the gross profit margin to be charged for each project with reference to prevailing market rate at the time of the tender. When the Group provides decoration and

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landscaping services for CCRE, the Group will comply with CCRE's selection requirements and provide relevant proposals in respect of price, qualification (including past experience and credentials), service quality, the capabilities of meeting specification and safety standards (if applicable) in accordance with similar procedures as those of the independent third parties for purpose of participating in a bidding process. The Group would be selected as CCRE's contractor when terms offered by the Group were better than or equal to those offered by the independent third parties. As such, there is no guarantee that the Group will be selected as the contractor for the provision of the relevant decoration and landscaping services as there are other competent contractors in the market to participate in the selection and bidding process arranged by CCRE Group in each project.

Furthermore, we have (i) reviewed the relevant internal control policies of the Group; (ii) discussed with the Management; and (iii) reviewed relevant transaction records with other independent customers, 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 for decoration and landscaping services (which will also be applied to the Decoration Service Arrangement and Landscaping Service Arrangement), including, for instance, the requirements for approval of pricing policies (including monitoring the gross profit margin not exceeding the upper and falling below lower limit) by the finance department for each proposed transaction to be entered into under the Decoration Service Arrangement and the Landscaping Service Arrangement, monitoring the transaction volume under the Decoration Service Arrangement and the Landscaping Service Arrangement to ensure the Proposed Annual Caps will not be exceeded, as well as the requirements for monthly financial statements 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.

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

3.4 Payment arrangement

The Framework Agreements provides that details of the payment mechanism for all fees and payments due to the Group pursuant to the Decoration Service Arrangement and Landscaping Service Arrangement should be specified in the relevant service contracts to be entered into by the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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4 Historical and Proposed Transaction amounts and Annual Cap

4.1 Historical transaction amounts for the Decoration Service Arrangement and Landscaping Service Arrangement

Up to the Latest Practicable Date, the Group has not entered into any contract with CCRE nor incurred any other historical transaction amounts for the decoration services and landscaping services provided by the Group to CCRE.

4.2 Proposed Annual Caps for the Decoration Service Arrangement and Landscaping Service Arrangement

The proposed annual caps for the Decoration Service Arrangement and Landscaping Service Arrangement under the Framework Agreements, for the three years ending 31 December 2023 are 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 (RMB) HK\$)</i>		<i>(equivalent to approximately (RMB) HK\$)</i>		<i>(equivalent to approximately (RMB) HK\$)</i>	
<i>Framework Agreement I</i>						
Decoration Service Arrangement	200 million	240 million	300 million	360 million	400 million	480 million
<i>Framework Agreement II</i>						
Landscaping service Arrangement	200 million	240 million	300 million	360 million	400 million	480 million

4.2.1 Proposed Decoration Service Arrangement Annual Cap

When arriving at our view with regard to the Proposed Decoration Service Arrangement Annual Cap of RMB200 million, RMB300 million and RMB400 million for the three years ending 31 December 2023 respectively, we have performed the following work, such as (i) obtained from the management of CCRE regarding their estimated demand for decoration services between 2021 and 2023 (taken into account various factors including the amount of land reserve on hand, the amount of project area ready to commence decoration in each coming year, status of existing construction projects, historical and estimated contracted sum-turnover conversion ratio) and (ii) reviewed the summary list of on hand projects of

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CCRE requiring decoration service. In addition, we have considered the following factors in determining the Proposed Annual Cap for the Decoration Service Arrangement:

- (i) pursuant to recent negotiations between the Company and CCRE, CCRE's demand for new decoration projects in 2021 involves a total project area of approximately 1.54 million sq.m., which corresponds to approximately RMB1.02 billion in decoration services contract sums;
- (ii) pursuant to recent negotiations between the Company and CCRE, it is expected that the Group can undertake up to 50% of business volumes from CCRE's decoration business in 2021, which corresponds to approximately RMB510 million in decoration services contract sums;
- (iii) based on the current effective contracted sums-turnover conversion ratio of the Group, which is approximately 68% with respect to the Group's current decoration services contracts for the year, it is estimated that the RMB510 million contracted sums arising from decoration services provided by the Group to CCRE in the second half of 2021 will be converted into a turnover of approximately RMB300 million;
- (iv) having considered the term of the Framework Agreement I, it is expected that the Group shall then realize a revenue of RMB200 million in the second half of 2021, representing approximately 67% of the aforesaid turnover; and
- (v) the projection by the Group that the Proposed Decoration Service Arrangement Annual Cap for 2022 and 2023 will grow to RMB300 million and RMB400 million, respectively, based on the estimated demand from CCRE and estimated contracted sum-turnover conversion ratio.

Having discussed with the Management, we understand that the actual demand for decoration services may vary subject to changes of construction plan or changes of design. In ascertaining whether the maximum demand for decoration service is properly derived, we have reviewed the list of decoration projects pending for bidding in 2021 from CCRE, estimation on demand for decoration services (in terms of contract values) in 2022 and 2023, contract sum-turnover ratio of CCRE in the past three years and annual reports of CCRE. Based on (a) CCRE's land reserve, (b) CCRE's amount of project area ready to commence decoration in each coming year, (c) CCRE's status of existing construction projects (d) CCRE's historical and estimated turnover conversion ratio and (e) CCRE's financial performance in the past few years, we note that:

- a) CCRE's land reserve of approximately 54.11 million sq. m. as at the end of 2020 is assumed to be developed within the next 4 to 5 years, the amount of average project area ready to commence construction is expected to be approximately 12.14 million sq.m. in 2021, 12.83 million sq.m in 2022 and 14.22 million sq.m in 2023, respectively;

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- b) In arriving the estimated contract values of decoration projects in 2022 and 2023, reference is made to the growth rate of prior year, instead of the rate of current year due to the fact that decoration projects usually commence in the later stage of construction projects which is estimated to be around one year after construction commences;
- c) The estimated contract values of decoration projects are approximately RMB1.02 billion, RMB0.9 billion and RMB1.1 billion, respectively for 2021, 2022 and 2023;
- d) CCRE has been able to sustain a continuous revenue growth in the past five years. In particular, CCRE experienced a significant revenue growth of 108.1% and 40.8%, respectively, for the year ended 31 December 2019 and 2020 and delivered development projects with an accumulated aggregate gross floor area (“GFA”) of approximately 30.06 million sq.m., 36.64 million sq.m. and 43.16 million sq.m., respectively as at 31 December 2018, 2019 and 2020; and
- e) CCRE owned total GFA under development of approximately 21.72 million sq.m., 30.20 million sq.m. and 32.65 million sq.m.; and the GFA of land reserves of approximately 46.08 million sq.m., 50.93 million sq.m. and 54.11 million sq.m., respectively as at 31 December 2018, 2019 and 2020.

Based on the aforementioned, we are of the view that the maximum demand for decoration service of CCRE, as mentioned in (i) to (v) of the factors determining the Proposed Decoration Service 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 Decoration Service Arrangement Annual Cap for the three years ending 31 December 2023 of RMB200 million, RMB300 million and RMB400 million respectively to be fair and reasonable.

4.2.2 Proposed Landscaping Service Arrangement Annual Cap

When arriving at our view with regard to the Proposed Landscaping Service Arrangement Annual Cap of RMB200 million, RMB300 million and RMB400 million for the three years ending 31 December 2023 respectively, we have performed the following work, such as (i) obtained from the management of CCRE regarding their estimated demand for landscaping services between 2021 and 2023 (taken into account various factors including the amount of land reserve on hand, the amount of project area ready to commence decoration in each coming year, status of existing construction projects, historical and estimated turnover conversion

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ratio) and (ii) reviewed the summary list of on hand projects of CCRE requiring landscaping service. In addition, we have considered the following factors in determining the Proposed Landscaping Service Arrangement Annual Cap:

- (i) pursuant to recent negotiations between the Company and CCRE, CCRE's demand for new landscaping projects in 2021 involves a total project area of approximately 1.88 million sq.m., which corresponds to approximately RMB940 million in landscaping services contract sums;
- (ii) pursuant to recent negotiations between the Company and CCRE, it is expected that the Group can undertake up to 50% of business volumes from CCRE's landscaping business in 2021, which corresponds to approximately RMB470 million in landscaping services contract sums;
- (iii) based on the current effective contracted sums-turnover conversion ratio of the Group, which is approximately 46% with respect to the Group's current landscaping services contracts for the year, it is estimated that the RMB470 million contracted sums arising from landscaping services provided by the Group to CCRE in the second half of 2021 will be converted into a turnover of approximately RMB200 million;
- (iv) having considered the term of the Framework Agreement II, it is expected that the Group shall then realize a revenue of RMB200 million in the second half of 2021, representing 100% of the aforesaid turnover; and
- (v) the projection by the Group that the Proposed Landscaping Service Arrangement Annual Cap for 2022 and 2023 will grow to RMB300 million and RMB400 million, respectively, based on the estimated demand from CCRE and estimated turnover conversion ratio.

Having discussed with the Management, we understand that the actual demand for landscaping services may vary subject to changes of construction plan or changes of design. In ascertaining whether the maximum demand for landscaping service is properly derived, we have reviewed the list of landscaping projects pending for bidding in 2021 from CCRE, estimation on demand for landscaping services (in terms of contract values) in 2022 and 2023, contract sum-turnover ratio of CCRE in the past three years and annual reports of CCRE. Based on (a) CCRE's land reserve, (b) CCRE's amount of project area ready to commence decoration in each coming year, (c) CCRE's status of construction on hand, (d) CCRE's historical and estimated turnover conversion ratio and (e) CCRE's financial performance in the past few years, we note that:

- a) CCRE's land reserve of approximately 54.11 million sq. m. as at the end of 2020 is assumed to be developed within the next 4 to 5 years, the amount of average project area ready to commence construction is expected to be approximately 12.14 million sq.m. in 2021, 12.83 million sq.m in 2022 and 14.22 million sq.m in 2023, respectively;

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- b) In arriving the estimated contract values of landscaping projects in 2022 and 2023, reference is made to the growth rate of prior year, instead of the rate of current year due to the fact that landscaping projects usually commence in the later stage of construction projects which is estimated to be around one year after construction commences;
- c) The estimated contract values of landscaping projects are approximately RMB0.9 billion, RMB0.9 billion and RMB1.1 billion, respectively for 2021, 2022 and 2023;
- d) CCRE has been able to sustain a continuous revenue growth in the past five years. In particular, CCRE experienced a significant revenue growth of 108.1% and 40.8%, respectively, for the year ended 31 December 2019 and 2020 and delivered development projects with an accumulated aggregate GFA of approximately 30.06 million sq.m., 36.64 million sq.m. and 43.16 million sq.m., respectively as at 31 December 2018, 2019 and 2020; and
- e) CCRE owned total GFA under development of approximately 21.72 million sq.m., 30.20 million sq.m. and 32.65 million sq.m.; and the GFA of land reserves of approximately 46.08 million sq.m., 50.93 million sq.m. and 54.11 million sq.m., respectively as at 31 December 2018, 2019 and 2020.

Based on the aforementioned, we are of the view that the maximum demand for landscaping service of CCRE, as mentioned in (i) to (v) of the factors determining the Proposed Landscaping Service 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 Landscaping Service Arrangement Annual Cap for the three years ending 31 December 2023 of RMB200 million, RMB300 million and RMB400 million respectively to be fair and reasonable.

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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 Annual Caps, 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	32,840,000 (L) ³	1.17%
Mr. Guo Weiqiang	Beneficial owner	23,930,000 (L) ⁴	0.85%
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 4,840,000 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 2,393,000 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 Mr. Liu Weixing, Ms. Wu Wallis (alias Li Hua) and Mr. Wang Jun, none of the Directors has a material interest in the Framework Agreements and the transactions contemplated thereunder. For good corporate governance purpose, Mr. Liu Weixing, Ms. Wu Wallis (alias Li Hua) and Mr. Wang Jun 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 letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this Circular;
- (iv) the letter from the Independent Financial Adviser, the text of which is set out on pages 18 to 35 of this Circular;
- (v) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (vi) 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 Thursday, 9 September 2021 at 10:00 a.m. 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 24 August 2021 issued by the Company.

1. “**THAT**

- (a) the Decoration Service Arrangement and the terms of the Decoration Service Arrangement contemplated under the Framework Agreement I dated 7 July 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 Decoration Service Arrangement Service 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 Decoration Service Arrangement contemplated under the Framework Agreement I.”

NOTICE OF SPECIAL GENERAL MEETING

2. “**THAT**

- (a) the Landscaping Service Arrangement and the terms of the Landscaping Service Arrangement contemplated under the Framework Agreement II dated 7 July 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 Landscaping Service 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 Landscaping Service Arrangement contemplated under the Framework Agreement II.”

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

Hong Kong, 24 August 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

Notes:

- (1) The register of members of the Company will be closed from Monday, 6 September 2021 to Thursday, 9 September 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 Friday, 3 September 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.

NOTICE OF SPECIAL GENERAL MEETING

- (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.