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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)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

<b>FINANCIAL SUMMARY</b>	<b>Six months ended 30 June</b>		<b>Changes</b>
	<b>2022</b>	<b>2021</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Revenue	<b>825,926</b>	593,811	+39.1%
Gross profit	<b>198,224</b>	169,861	+16.7%
Gross profit margin	<b>24.0%</b>	28.6%	-4.6*
Profit attributable to owners of the Company	<b>20,969</b>	26,288	-20.2%
Basic and diluted earnings per share (HK\$ cents)	<b>0.68</b>	0.94	-27.7%

*Note: \* Change in percentage point*

During the Reporting Period, the Group's sales revenue increased by approximately 39.1% year-on-year to approximately HK\$826 million, of which the sales revenue of prefabricated construction units was approximately HK\$586 million, a year-on-year increase of approximately 31.6%, and the revenue from the new business line of decoration and landscaping services was approximately HK\$154 million.

For the six months ended 30 June 2022, the gross profit was approximately HK\$198 million, representing an increase of about 16.7% as compared with the same period last year.

The board (the “**Board**”) of directors (the “**Directors**”) of DIT Group Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) with comparative figures for the corresponding period of 2021 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	4	<b>825,926</b>	593,811
Cost of sales	7	<b>(627,702)</b>	(423,950)
<b>Gross profit</b>		<b>198,224</b>	169,861
Government grants		<b>10,350</b>	15,322
Other income	5	<b>9,161</b>	7,617
Other gains — net	6	<b>643</b>	1,240
Selling and distribution expenses	7	<b>(43,805)</b>	(30,695)
Administrative expenses	7	<b>(95,268)</b>	(90,062)
Share of (losses)/gains of associates		<b>(8,809)</b>	2,067
Net impairment losses on financial assets		<b>(7,292)</b>	(4,859)
<b>Operating profit</b>		<b>63,204</b>	70,491
Finance costs		<b>(32,124)</b>	(23,740)
<b>Profit before income tax</b>		<b>31,080</b>	46,751
Income tax expenses	8	<b>(10,896)</b>	(16,546)
<b>Profit for the period</b>		<b>20,184</b>	30,205
<b>Profit for the period, attributable to</b>			
— Owners of the Company		<b>20,969</b>	26,288
— Non-controlling interests		<b>(785)</b>	3,917
		<b>20,184</b>	30,205
<b>Earnings per share attributable to owners of the Company</b> (expressed in HK\$ cents per share)			
— Basic and diluted	10	<b>0.68</b>	0.94

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME** *(Continued)*  
*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>	<b>20,184</b>	30,205
<b>Other comprehensive (loss)/income, which may be reclassified subsequently to profit or loss</b>		
— Currency translation differences	<b>(139,913)</b>	31,532
Other comprehensive (loss)/income for the period, net of tax	<b>(139,913)</b>	31,532
<b>Total comprehensive (loss)/income for the period</b>	<b>(119,729)</b>	61,737
<b>Total comprehensive (loss)/income for the period, attributable to</b>		
— Owners of the Company	<b>(118,968)</b>	57,866
— Non-controlling interests	<b>(761)</b>	3,871
	<b>(119,729)</b>	61,737

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2022*

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Note</i>	<b>(unaudited)</b>	(audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>3,067,008</b>	2,951,508
Right-of-use assets	<b>1,051,775</b>	1,119,436
Investment properties	<b>17,497</b>	18,591
Intangible assets	<b>4,085</b>	4,346
Deferred income tax assets	<b>52,377</b>	61,745
Investments in associates	<b>227,054</b>	241,514
Financial assets at fair value through profit or loss	<b>49,717</b>	52,003
	<b>4,469,513</b>	4,449,143
<b>Current assets</b>		
Inventories	<b>166,478</b>	211,424
Trade and other receivables and prepayments	<b>2,287,099</b>	2,238,936
Financial assets at fair value through profit or loss	–	12,231
Cash and cash equivalents	<b>144,070</b>	461,351
Restricted cash	<b>157,128</b>	187,717
	<b>2,754,775</b>	3,111,659
<b>Total assets</b>	<b>7,224,288</b>	7,560,802
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital (nominal value)	<b>1,240,960</b>	1,240,960
Reserves	<b>1,278,679</b>	1,425,619
	<b>2,519,639</b>	2,666,579
<b>Non-controlling interests</b>	<b>693,957</b>	694,718
<b>Total equity</b>	<b>3,213,596</b>	3,361,297

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (*Continued*)  
*AS AT 30 JUNE 2022*

		<b>30 June</b>	31 December
		<b>2022</b>	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>(unaudited)</b>	(audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Amount due to a related party		<b>81,438</b>	–
Deferred income		<b>1,631</b>	2,672
Deferred income tax liabilities		<b>17,495</b>	14,323
Lease liabilities		<b>99,301</b>	105,472
Borrowings	<i>13</i>	<b>1,071,479</b>	1,341,120
		<u><b>1,271,344</b></u>	<u>1,463,587</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>1,842,792</b>	1,772,008
Contract liabilities		<b>67,406</b>	60,890
Current income tax liabilities		<b>38,676</b>	51,113
Lease liabilities		<b>12,535</b>	13,749
Borrowings	<i>13</i>	<b>777,939</b>	838,158
		<u><b>2,739,348</b></u>	<u>2,735,918</u>
<b>Total liabilities</b>		<u><b>4,010,692</b></u>	<u>4,199,505</u>
<b>Total equity and liabilities</b>		<u><b>7,224,288</b></u>	<u>7,560,802</u>

## **NOTES:**

### **1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and investment properties, which are carried at fair value, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2021, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings, and the adoption of the new and amended standards of HKFRSs effective for the financial year ending 31 December 2022, which did not have any significant impact on the Group’s financial statements and did not require retrospective adjustments.

There are no standards, amendments and interpretations to existing standards that are not effective and would be expected to result in any significant impact on the Group’s financial positions and results of operations.

### **3. SEGMENT INFORMATION**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

The Group is managed centrally and the Directors are of the view that the whole Group is one single business segment and hence no segment information is presented.

#### 4. REVENUE

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue from sales of prefabricated construction units	585,578	444,917
Revenue from decoration and landscaping services	154,061	63,721
Revenue from granting licenses	41,911	53,403
Revenue from consulting services	24,341	17,720
Revenue from sales of prefabricated construction equipments	10,325	3,280
Rental income	9,710	10,770
	<u>825,926</u>	<u>593,811</u>

#### 5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Financing component from a related party	6,461	4,313
Interest income on bank deposits	1,706	2,988
Dividends	577	–
Others	417	316
	<u>9,161</u>	<u>7,617</u>

#### 6. OTHER GAINS — NET

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net exchange gain/(losses)	205	(142)
Gains on disposal of equipments	45	2,068
Others	393	(686)
	<u>643</u>	<u>1,240</u>

## 7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Raw materials and consumables used	<b>334,193</b>	277,111
Changes in inventories of finished goods, goods in transit and work in progress	<b>11,928</b>	(54,936)
Employee benefits expenses	<b>122,166</b>	120,993
Labour outsourcing	<b>33,895</b>	27,093
Subcontracting charges in relation to decoration and landscaping services	<b>103,614</b>	49,902
Depreciation	<b>67,971</b>	46,249
Amortisation of right-of-use assets	<b>14,892</b>	16,008
Transportation	<b>34,475</b>	23,443
Land use tax and value-added tax surcharges	<b>11,964</b>	10,900
Legal and professional fees	<b>9,411</b>	4,260
Entertainment and travelling expenses	<b>3,520</b>	2,892
Repairs and maintenance	<b>2,185</b>	916
Office expenses	<b>599</b>	316
Provision for inventories impairment	<b>65</b>	3,632
Others	<b>15,897</b>	15,928
	<hr/>	<hr/>
Total of cost of sales, selling and distribution expenses and administrative expenses	<b>766,775</b>	544,707

## 8. INCOME TAX EXPENSES

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). Taxation on PRC profits is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Under the Corporate Income Tax (the "CIT") Law of the PRC, the CIT rate applicable to the Group's subsidiaries established in mainland China is 25%, while certain subsidiaries are applicable to the preferential tax rate of 15%.



	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Current income tax — PRC corporate income tax	<b>6,914</b>	24,843
Deferred income tax	<b>3,982</b>	(8,297)
	<hr/>	<hr/>
Total income tax expenses for the period	<b>10,896</b>	16,546
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## 9. DIVIDEND

The Board of Directors did not recommend any payment of dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 10. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share for the period is calculated by dividing the consolidated profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
Consolidated profit attributable to owners of the Company <i>(HK\$'000)</i>	<b>20,969</b>	26,288
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<b>3,102,401</b>	2,802,401
Basic earnings per share ( <i>HK cents</i> )	<b>0.68</b>	0.94
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**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2022 and 2021, the calculation of diluted earnings per share excluded the share options granted to directors, senior management and other employees on 30 November 2020, as their inclusion would have been antidilutive. Therefore, diluted earnings per share for the six months ended 30 June 2022 and 2021 is equal to basic earnings per share.

**11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	<b>As at 30 June 2022 HK\$'000 (unaudited)</b>	<b>As at 31 December 2021 HK\$'000 (audited)</b>
Trade receivables — third parties	<b>1,337,152</b>	1,217,674
Trade receivables — related parties	<b>807,277</b>	795,443
Amounts due from related parties	<b>47,036</b>	39,638
Prepayments	<b>30,670</b>	22,569
Value-added tax recoverable	<b>20,257</b>	119,873
Land auction deposits	<b>19,129</b>	20,008
Deposits	<b>18,289</b>	17,292
Notes receivable	<b>14,572</b>	31,118
Receivables relating to disposal of subsidiaries	<b>1,980</b>	2,071
Government grants receivable	<b>292</b>	2,630
Others	<b>57,046</b>	34,700
	<b>2,353,700</b>	2,303,016
Less: Provision for impairment of trade receivables and other receivables	<b>(66,601)</b>	(64,080)
	<b>2,287,099</b>	2,238,936

The ageing analysis of trade receivables as at 30 June 2022 and 31 December 2021 based on the invoice issue date or demand note were as follows:

	<b>As at 30 June 2022 HK\$'000 (unaudited)</b>	As at 31 December 2021 HK\$'000 (audited)
Less than 1 year	<b>2,033,099</b>	1,912,328
1 to 2 years	<b>97,945</b>	74,610
Over 2 years	<b>13,385</b>	26,179
	<b><u>2,144,429</u></b>	<u>2,013,117</u>

The maximum exposure to credit risk as at 30 June 2022 and 31 December 2021 is the carrying value of each class of receivables mentioned above.

As at 30 June 2022 and 31 December 2021, the fair values of trade and other receivables approximate their carrying amounts.

The carrying amounts of the Group's trade and other receivables and prepayments are denominated in the following currencies:

	<b>As at 30 June 2022 HK\$'000 (unaudited)</b>	As at 31 December 2021 HK\$'000 (audited)
HK dollar	<b>13,476</b>	10,907
Renminbi	<b><u>2,273,623</u></b>	<u>2,228,029</u>
	<b><u>2,287,099</u></b>	<u>2,238,936</u>

The creation of provision for impairment of receivables has been included in "Net impairment losses on financial assets" in the condensed consolidated statement of profit or loss and other comprehensive income.

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Trade payables — third parties	1,154,907	1,223,820
Trade payables — related parties	16,099	10,015
Accrued payable for property, plant and equipment construction — third parties	64,991	68,338
Accrued payable for property, plant and equipment construction — related parties	71,894	64,786
Notes payable	54,922	58,977
Amounts due to related parties	338,196	205,769
Accrued tax payable	80,927	62,399
Accrued payroll	10,151	11,493
Deposits	9,293	15,989
Provision for onerous contract	2,216	2,318
Interest payable	123	256
Others	39,073	47,848
	<u>1,842,792</u>	<u>1,772,008</u>

The ageing analysis of trade payables as at 30 June 2022 and 31 December 2021 based on the invoice issue date or demand note were as follows:

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Less than 1 year	1,059,920	1,182,500
Over 1 year	111,086	51,335
	<u>1,171,006</u>	<u>1,233,835</u>

As at 30 June 2022 and 31 December 2021, the fair values of trade and other payables approximate their carrying amounts.

The carrying amounts of the Group's trade and other payables are primarily denominated in Renminbi.

### 13. BORROWINGS

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Non-current, secured		
— Bank borrowings	1,535,772	1,672,723
— Other financial institution borrowings	–	18,366
Non-current, unsecured		
— Bank borrowings	<u>49,697</u>	<u>64,212</u>
	<b>1,585,469</b>	1,755,301
Less: Current portion of non-current borrowings	<u>(513,990)</u>	<u>(414,181)</u>
Non-current, total	<u><b>1,071,479</b></u>	<u>1,341,120</u>
Current, secured		
— Bank borrowings	106,538	174,902
— Other financial institution borrowings	4,093	–
Current, unsecured		
— Bank borrowings	<u>153,318</u>	<u>249,075</u>
	<b>263,949</b>	423,977
Current portion of non-current borrowings	<u>513,990</u>	<u>414,181</u>
Current, total	<u><b>777,939</b></u>	<u>838,158</u>

*Notes:*

- (a) These borrowings of the Group are secured by property, plant and equipment, right-of-use assets and restricted cash deposit of the Group and/or guaranteed by subsidiaries of the Company or related parties.
- (b) The borrowings are all denominated in RMB and their fair values approximate their carrying amounts.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2022, affected by the new wave of global pandemic caused by the novel coronavirus variants, coupled with the continued domestic and overseas debt and liquidity problems in the real estate industry, China's national economic and social uncertainty have increased. However, under the orderly and appropriate prevention and control of the pandemic, the economic operation has been stable with progress. At the same time, China adhered to the general principle that "houses are for living in, not speculation", promoted the construction of affordable housing, and consolidated the prominent position of the construction industry as the pillar industry in the national economy. Benefiting from China's increased efforts to achieve high-quality development of the construction industry, the promotion of goals of carbon peaking and carbon neutrality, and the intensive implementation of prefabricated construction industry policies in various provinces and cities, the market demand has further increased. Based on the Group's well-established whole industry chain business model and scientific research advantages, we optimized and upgraded the production capacity of precast concrete ("PC") components. In the first half of 2022, the Group's business scale grew steadily, and business and operational efficiency continued to improve. As of 30 June 2022, the Group recorded sales revenue of approximately HK\$825.9 million, a year-on-year increase of approximately 39.1%. Its gross margin was approximately HK\$198.2 million, a year-on-year increase of approximately 16.7%.

#### **I. Perfect business layout of the whole industry chain, and steady growth of core business**

During the Reporting Period, the Group continued to develop prefabricated building, and actively expanded the smart landscaping and smart decoration business, forming a business layout of the whole industry chain, and driving the steady growth of the business. In addition, the Group continued to deepen its PC business layout and strengthened its regional layout in the Yangtze River Delta and the Greater Bay Area, among which the Group's market share in the Greater Bay Area continued to be industry-leading, providing a solid foundation for business orders. In the first half of 2022, contract sales of prefabricated components were approximately RMB1.6 billion; annual output of prefabricated components business reached 184,200 cubic meters, a year-on-year increase of approximately 19.14%. As of 30 June 2022, The Group had a total of 21 self-run smart PC factories and 1 Prefabricated Decoration Industrial Park nationwide. During the Reporting Period, new factories in Ruyang, Queshan and Jiangxia were in operation, which further improved the Group's production capacity across China.

The Group has been committed to the pursuit of high-quality component products and continued to provide overall solution services for smart buildings. It has won many awards and recognitions, setting a new benchmark for the development of the prefabricated building industry. In the first half of 2022, Huizhou factory obtained the “Quality Scheme for the Production and Supply of Concrete” certification issued by the Hong Kong Quality Assurance Agency. Its component products can be directly supplied to construction projects in Hong Kong, which fully reflects the Group’s competitive advantage in product quality. As a technologically innovative enterprise in the construction industry, the Group’s Decoration Industrial Park has given full play to the development potential of industrialization and intelligence, and has been awarded as “2022 Demonstration Enterprise of Henan Province in Energy and Carbon Management” and “2022 Henan Province Smart Workshop”, its “Replacing People with Machines” demonstration application project also won the special highest award of RMB 5 million; Foshan factory and Zhoukou factory were rated as “SME of Specialty, Refinement, Uniqueness and Novelty”, highlighting the Group’s independent innovation capability and core competitiveness. In addition, the pandemic situation in Henan Province was severe in early April. During the Reporting Period, the Group’s Special Project Department No. 1 actively assumed social responsibilities and responded to the construction of the makeshift hospital in Shangqiu City, which was praised by the government.

## **II. Official launch of strategic cooperation with Glodon to accelerate digital transformation of buildings**

In line with China’s “14th Five-Year Plan for the Development of the Digital Economy” and the “Dual Carbon” goals of “carbon peaking” and “carbon neutrality”, the digitalization of the construction industry has become an indispensable part of the industry development. To realize the digital and intelligent transformation and upgrading of the whole industry chain of the construction industry, the Company signed an equity subscription agreement with Glodon (Hong Kong) Software Limited, a wholly-owned subsidiary of Glodon Company Limited (“**Glodon**”), the largest engineering cost software company in China, in August 2021, and completed the closing at the end of November 2021. Glodon then was introduced as the second largest shareholder of the Company, by subscribing for approximately 9.67% of the Company’s enlarged issued share capital for an amount of HK\$288 million, among which, HK\$90 million was earmarked for digitalization and software development related to the construction industry, and other funds were mainly used for the operation of directly-operated factories under the Group and working capital.

In the first half of 2022, based on the SaaS prefabricated construction industry Internet platform, and centred on the integrated development of “digitalization + industrialization”, the Group and Glodon officially launched strategic cooperation of operations. The Group used its own industrialized technology system, combined with Glodon’s digital construction solutions, to create a vertical integration platform for the industry, jointly developed with Glodon the project management system (PMS) for prefabricated building construction sites, and applied in the Engineering, Manufacture, Procurement, and Construction (EMPC) general contracting project. In terms of project cost, the Group leveraged on Glodon’s traditional advantages to effectively improve the Group’s Quick Quotation System (QQS) for prefabricated buildings, formed market linkages and jointly conducted market expansion with Glodon, marking a new milestone in the Group’s digital transformation.

### **III. Focusing on scientific research, highlighting the advantages of digital intelligence**

The Group is committed to becoming a leading smart building overall solution service provider, adhering to the development strategy of “technology leading”, and leveraging its own advantages with a leading core technology system, mastering the core technologies of digital intelligence such as Building Information Modeling (“**BIM**”), Internet of Things, big data, and artificial intelligence in the field of smart buildings. At the same time, the Group actively realizes the strategic goal of “home intelligence”, strives to expand the technological innovation of the whole industry chain such as smart housing, creates an innovative synergy model of the whole industry chain, and promotes the digital and intelligent development of the prefabricated construction industry. In the first half of 2022, the Group added four self-developed prefabricated technology patents. As of 30 June 2022, the Group’s total number of patents reached 1,912, continuing to rank the first in the industry.

In terms of research and development (“**R&D**”), the Group has continuously focused on scientific research and innovation, and has made intensive efforts in R&D and smart construction to promote prefabricated building technologies that reduce carbon emissions from construction activities. In the first half of 2022, the Group released the “CCRE Residential Green Technology Application Guidelines 1.0” through the integrated application research of more than 40 green and low-carbon technologies in the whole life cycle of building product design, manufacturing, construction and operation and maintenance, promoted the upgrade of low-carbon green building products, maximized resource utilization efficiency, protected the environment and reduced pollution, effectively controlled the carbon emissions of the construction industry, and helped China to achieve the “dual carbon” goals. In addition, in terms of smart construction, the Group independently developed “digitalization of engineering project management”. From project initiation to delivery, the entire process adopted digital and intelligent management, forming a digitally-intelligent closed-loop management model for “online construction standards, automated progress management, visualization of construction quality, and remote monitoring and management” of special projects.



## **BUSINESS OUTLOOK**

### **I. China’s dual-carbon policy drives accelerated growth of the prefabricated building industry**

With the strategic goals of “carbon peaking” and “carbon neutrality”, and the fact that carbon emission of the construction industry accounts for more than half of China’s carbon emission, the prefabricated building industry is regarded as an important solution for energy conservation and carbon reduction in the construction industry which can help achieving the “dual carbon” goals. The comprehensive advantages in green environmental protection will be further highlighted below.

In 2021, the area of newly constructed prefabricated buildings nationwide increased by 18% compared with 2020 to 740 million square meters, accounting for 24.5% of the newly constructed building area. To accelerate the realization of the “dual carbon” goals and promote the transformation and upgrading of the construction industry, the industry has issued a total of more than 1,500 policies in the past six years, building a complete industry policy system. In March 2022, the Ministry of Housing and Urban-Rural Development issued the “14th Five-Year Plan for Building Energy Efficiency and Green Building Development”, which requires that by 2025, all new urban buildings will be fully constructed as green buildings, and prefabricated buildings will account for 30% of the new urban buildings that year. In mid-July 2022, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission issued the Implementation Plan for Carbon Peaking in Urban-Rural Development, proposing to vigorously develop prefabricated buildings. By 2030, prefabricated buildings will account for 40% of new urban buildings that year. At present, twenty-five provinces (autonomous regions and municipalities) have issued the “14th Five-Year Plan” related to the construction industry, among which, ten provinces indicated that the proportion of prefabricated buildings in new buildings in 2025 will be higher than the national planning target. Hainan Province, which is the key layout of the Group, has made it clear that by 2030, the proportion of prefabricated buildings in the newly built buildings will reach more than 95%. In Shenzhen and Beijing, during the “14th Five-Year Plan” period, the penetration rate of prefabricated buildings will reach 60% and 55% respectively, which is beneficial to the Group’s future layout and business expansion.

Under the background of intensive policy introduction and with the “dual carbon” goals, the traditional construction industry will accelerate its transformation and upgrading, strengthen building energy conservation, implement green construction methods, and promote energy-efficient green building materials; on the other hand, prefabricated buildings have become the future development trend of construction in China so that the Group can further expand and develop its business.

## **II. Deepen the layout of the whole industry chain, boost the development of the industry with low-carbon green building**

The Group covers the whole industry chain of prefabricated buildings including R&D, design, general contracting of construction and landscaping, with six core technology systems, mastering core technologies such as BIM, Internet of Things, big data, and artificial intelligence in the field of smart buildings, and has industry-leading technology research and development capabilities. In addition to dedicating to the development of the core business of prefabricated buildings, the Group has also accelerated the layout of the landscaping business and decoration business, which have brought profit contribution to the Group since the second half of 2021, driving the Group's whole industry chain business to achieve high-quality growth, and serving the whole life cycle of prefabricated buildings.

In the future, the Group will continue to focus on the development of prefabricated building technology, combined with the whole industry chain business including PC components, landscaping and decoration, to deploy intelligent digital factories across China, and to improve the production capacity layout. The Group will actively accelerate the layout of its PC factories through methods, such as direct sales, franchise and asset-light model, focusing on the Greater Bay Area, Yangtze River Delta, Beijing-Tianjin-Hebei and Great Central China markets, expanding the customer base of third-party manufacturers, increasing the Group's local market share, propelling growth momentum into business development, helping the promotion of energy-efficient and carbon-reducing green buildings, and accelerating the upgrading, transformation and development of the construction industry. At the same time, the Group attaches significant importance to the opportunities of affordable housing, public buildings and infrastructure construction, steadily strengthens cooperation with national platform companies and other institutions, and continuously focuses on the large-scale production of standardized components to enhance the competitiveness of the assembly building business.

### **III. Implementation of the strategy of “Home Intelligence” to boost the application of the industry through digitalization**

Since the launch of the “home intelligence” strategy, the Group has been committed to creating an innovative whole-industry chain synergy model, relying on the technological innovation and integration of the core production links (i.e. design, manufacturing, and construction) in the whole industry chain of prefabricated buildings, and through digital technologies such as BIM technology, cloud computing, big data, and the Internet of Things, the technology is connected in series to realize standardized design, factory manufacturing, specialized construction, platform-based procurement, refined management, and intelligent operation in the whole industry chain by means of assembly, so as to achieve a comprehensive upgrade of building quality, construction period and cost. In terms of digital intelligence, the Group continued to improve the manufacturing management platform and online shopping mall platform, promote the construction of a smart community R&D platform, build product analysis models to support data decision-making, and consolidate the Group’s leading position in digital intelligence.

The Group adhered to the development policy of “technology leading”, while implementing the strategy of “home intelligence”, and with the fact that Glodon has also been introduced as a strategic shareholder of the Company, the “digitalization” and “industrialization” advantages of both parties are combined to achieve the synergy effect of “1+1>2”. In the future, both parties will continue to combine their strengths. Glodon’s top digital technology and big data, as well as information solutions and application services for the entire life cycle of buildings empower the Group’s whole industry chain system of prefabricated buildings to cover design, decoration, landscaping and smart homes, and working together with Glodon to develop SaaS software for digital product enables the Group to create a digital overall solution for the prefabricated construction industry, integrate digital construction and construction industrialization, and carry out industrialization platform planning, promote the marketization of digital products, and lead the construction industry to enter digital and intelligent upgrade.

As of 30 June 2022, the Group has signed contracts with third parties for the sale of prefabricated components with a total contract amount of approximately RMB1,324.83 million and a total volume of 889,962 cubic metres.

**Sales revenue of prefabricated construction units**  
— by region

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Foshan	<b>105,483</b>	57,926
Nanjing	<b>86,915</b>	69,254
Changsha	<b>57,607</b>	57,141
Hefei	<b>55,927</b>	34,235
Huizhou	<b>45,751</b>	63,030
Zhengzhou	<b>41,142</b>	15,238
Luoyang	<b>39,834</b>	5,982
Tongxu	<b>25,102</b>	–
Chongqing	<b>21,679</b>	1,114
Jiaozhou	<b>20,330</b>	773
Xiangtan	<b>18,738</b>	23,840
Jiaozuo	<b>16,413</b>	49,602
Zhoukou	<b>13,573</b>	34,188
Huaian	<b>9,771</b>	3,498
Nantong	<b>9,249</b>	5,667
Zhumadian	<b>8,076</b>	1,622
Kunshan	<b>3,476</b>	13,048
Yuxi	<b>2,937</b>	1,884
Dongli	<b>2,468</b>	–
Jiangxia	<b>1,064</b>	–
Hengyang	<b>43</b>	6,875
	<hr/>	<hr/>
Total	<b>585,578</b>	444,917
	<hr/>	<hr/>

**Sales revenue of prefabricated construction units**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Sales revenue from third parties	<b>538,438</b>	378,331
Sales revenue from related parties	<b>47,140</b>	66,586
	<hr/>	<hr/>
Total	<b>585,578</b>	444,917
	<hr/>	<hr/>

## Technology trademarks and patents obtained by the Group during the first half of 2022

Patents: For the six months ended 30 June 2022, 4 applications for patents have been made, and 55 patents were granted. As at 30 June 2022, there were approximately 1,912 applications for patents in aggregate, and 1,372 patents were granted.

### Plants in operations

<b>Regions</b>	<b>Annual estimated capacity</b> <i>(approximate '000 cubic metre)</i>	<b>Area of land</b> <i>(approximate mu)</i>	<b>Area of plants</b> <i>(approximate square metre)</i>
Changsha Technology Park	110	352	33,433
Nanjing Technology Park	110	151	35,981
Hefei Technology Park	80	154	22,398
Hengyang Technology Park	70	150	24,905
Foshan Technology Park	70	123	36,550
Huizhou Technology Park	70	61	22,284
Zhengzhou Technology Park	60	143	49,954
Zhoukou Technology Park	60	135	20,639
Qingdao Jiaozhou Technology Park	60	92	19,339
Huidong Technology Park	60	30	12,593
Luoyang Technology Park	50	308	55,260
Jiaozuo Technology Park	50	81	19,383
Zhumadian Technology Park	40	130	26,873
Huaian Technology Park	40	120	19,356
Nantong Technology Park	40	100	26,154
Xiangtan Technology Park	40	100	19,310
Shipeng Technology Park	30	35	11,952
Chongqing Technology Park	20	134	19,659
Wuhan Technology Park	20	116	29,767
<b>Total</b>	<b>1,080</b>	<b>2,515</b>	<b>505,790</b>

## Plants under construction

Regions	Proportion of attributable equity interest	Amount of investment (approximate RMB100 million)	Area of land (approximate mu)	Area of plants (approximate square metre)	Annual estimated capacity (approximate '000 cubic metre)
Tianjin Technology Park	100%	1.9	94	26,154	20
Yuxi Technology Park	100%	1.7	124	18,191	60
Total		3.6	218	44,345	80

## Incorporation of a new subsidiary for the six months ended 30 June 2022

Name	Place of incorporation and operation and kind of legal entity	Principal activities	Particulars of authorised share capital	Proportion of ordinary shares held by the Group (%)
Henan DIT Green Technology Limited* 河南築友綠色科技有限公司	China, limited liability company	Construction industrialisation	RMB10,000,000	100%

\* For identification purpose only

## Government grants in the first half of 2022

As prefabricated construction industry has received strong support from central government of People's Republic of China (the "PRC"), local governments are initiating relevant ancillary policies, offering honorary awards and fund subsidies. As a national high-tech enterprise, the technology innovation capability of the Group is widely recognized by the government authorities. The Group has been granted honorary awards such as Changsha Engineering Research Center and National Intellectual Property Advantageous Enterprises. We have also made great contributions to environmental energy-saving engineering, promotion of industry upgrade and transformation, and intelligent manufacturing, while encouraging local employment and industry development. In this regard, local governments offer direct cash incentives.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Government grants	<b><u>10,350</u></b>	<u>15,322</u>

The Group has satisfied and complied with the relevant requirements and regulations in the PRC necessary for the receipt of the above government grants.

## **FINANCIAL REVIEW**

### **Review of results**

The principal activities of the Group are prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the People's Republic of China.

### **Revenue**

The revenue of the Group increased by approximately HK\$232.1 million from approximately HK\$593.8 million for the six months ended 30 June 2021 to approximately HK\$825.9 million for the six months ended 30 June 2022. The increase in revenue was mainly attributable to (i) the increase in revenue from sales of prefabricated construction units and consulting services as a result of the increasing number of customers for the six months ended 30 June 2022; and (ii) the increase in revenue from the smart landscaping business and smart decoration business as a result of the increasing number of customers for the six months ended 30 June 2022. As a result, the Group recorded sales revenue for the six months ended 30 June 2022 of prefabricated construction units of approximately HK\$585.6 million (six months ended 30 June 2021: approximately HK\$444.9 million), revenue from decoration and landscaping services of approximately HK\$154.1 million (six months ended 30 June 2021: approximately HK\$63.7 million), revenue from granting licenses of approximately HK\$41.9 million (six months ended 30 June 2021: approximately HK\$53.4 million), revenue from consulting services of approximately HK\$24.3 million (six months ended 30 June 2021: approximately HK\$17.7 million), rental income from investment properties of approximately HK\$9.7 million (six months ended 30 June 2021: approximately HK\$10.8 million) and revenue from sales of prefabricated construction equipments of approximately HK\$10.3 million (six months ended 30 June 2021: approximately HK\$3.3 million).

## **Cost of sales**

The Group recorded cost of sales of approximately HK\$627.7 million (six months ended 30 June 2021: approximately HK\$424.0 million) for the six months ended 30 June 2022. The increase was primarily attributable to the increase in sales of prefabricated construction units, and new costs brought by the newly deployed smart landscaping business and smart decoration business.

## **Other income**

The other income of the Group increased by approximately HK\$1.5 million from approximately HK\$7.6 million for the six months ended 30 June 2021 to approximately HK\$9.2 million for the six months ended 30 June 2022. Other income mainly came from financing component from a related party, interest income generated from bank deposits and dividend income.

## **Other gains — net**

For the six months ended 30 June 2022, other gains — net amounting to approximately HK\$0.6 million mainly comprised of (i) gains on disposal of equipments amounting to approximately HK\$0.05 million; (ii) net exchange gains amounting to approximately HK\$0.2 million; and (iii) non-business expenditures of approximately HK\$0.4 million.

## **Selling and distribution expenses**

For the six months ended 30 June 2022, the selling and distribution expenses increased by approximately HK\$13.1 million to approximately HK\$43.8 million for the six months ended 30 June 2022 from approximately HK\$30.7 million for the six months ended 30 June 2021, such expenses are directly related to the sale of prefabricated construction units.

## **Administrative expenses**

For the six months ended 30 June 2022, the administrative expenses increased by approximately 5.8% from approximately HK\$90.1 million for the six months ended 30 June 2021 to approximately HK\$95.3 million for the six months ended 30 June 2022. Such increase was due to the increase in other general administrative expenses such as professional fees, entertainment, travelling expenses, and office expenses.



## **Finance costs**

For the six months ended 30 June 2022, the finance costs increased by approximately HK\$8.4 million from approximately HK\$23.7 million for the six months ended 30 June 2021 to approximately HK\$32.1 million for the six month ended 30 June 2022. Such increase was mainly attributable to (i) the interest expenses of approximately HK\$51.1 million for the bank borrowing; (ii) the interest expenses of approximately HK\$2.9 million for the lease liabilities; and (iii) capitalisation interest of approximately HK\$21.8 million in plant under development for prefabricated construction business for the period.

## **Profit for the period**

As a result of the foregoing, our profit decreased by approximately HK\$10.0 million to approximately HK\$20.2 million for the six months ended 30 June 2022 as compared to a profit of approximately HK\$30.2 million for the corresponding period of 2021.

## **Liquidity and financial resources**

As at 30 June 2022, the Group had current assets of approximately HK\$2,754.8 million (31 December 2021: approximately HK\$3,111.7 million) and current liabilities of approximately HK\$2,739.3 million (31 December 2021: approximately HK\$2,735.9 million). The current ratio (which is calculated by dividing total current assets by total current liabilities) was approximately 1.0 as at 30 June 2022 (31 December 2021: 1.1).

As at 30 June 2022, the Group held borrowings amounted to approximately HK\$1,849.4 million (31 December 2021: approximately HK\$2,179.3 million) and the net gearing ratio (calculated as net debt dividend by total equity) was 52.5% (31 December 2021: 50.8%).

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$144.1 million, which include approximately HK\$133.1 million denominated in RMB and approximately HK\$10.9 million denominated in HKD (31 December 2021: approximately HK\$461.4 million, in which approximately HK\$443.3 million denominated in RMB and approximately HK\$18.0 million denominated in HKD). As at 30 June 2022, the Group had restricted cash of approximately HK\$157.1 million, which include approximately HK\$130.0 million denominated in HKD and approximately HK\$27.1 million denominated in RMB (31 December 2021: approximately HK\$187.7 million, in which approximately HK\$130.0 million denominated in HKD and approximately HK\$57.7 million denominated in RMB).

As at 30 June 2022, the Group had interest-bearing bank and other borrowings of approximately HK\$1,849.4 million, all denominated in RMB with interest rate in a range of 3.75% to 12.00% per annum (31 December 2021: approximately HK\$2,179.3 million, all denominated in RMB with interest rate in a range of 3.75% to 7.02% per annum).

Other than the matters above, there has been no material change from the information published in the annual report of the Company for the year ended 31 December 2021.

## **Capital structure**

As at 30 June 2022, the total number of issued shares of the Company (the “**Share(s)**”) was 3,102,400,730 Shares with a par value of HK\$0.4 each. Based on the closing price of HK\$0.510 per Share as at 30 June 2022, the Company’s market value as at 30 June 2022 was approximately HK\$1,582,224,000.

## **GENERAL INFORMATION**

### **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

For the six months ended 30 June 2022, the Company has fully complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### **CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. In response to the specific enquiry made by the Company, all the Directors confirmed that they fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2022.

The Company has also adopted a code for dealing in the Company’s securities by relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## **REVIEW OF INTERIM RESULTS**

The audit committee of the Company has reviewed the interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022.

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

Hong Kong, 26 August 2022

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