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China Minsheng Drawin Technology Group Limited

中民築友科技集團有限公司

(Formerly known as South East Group Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

RESULTS

The board of directors (the “Board”) of China Minsheng Drawin Technology Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2015, together with the unaudited comparative figures for the corresponding period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended 30 September	
	<i>Note</i>	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Turnover	3	228	225
Cost of sales and services		(40)	(40)
Gross profit		188	185
Other revenue	4	4,989	387
Other gains and (losses)	5	2,946	(48)
Selling and distribution expenses		—	(27)
Administrative expenses		(15,661)	(6,991)
LOSS FROM OPERATIONS		(7,538)	(6,494)
Finance costs	7	(4,836)	(1,635)
LOSS BEFORE TAXATION	8	(12,374)	(8,129)
Taxation	9	467	—
LOSS FOR THE PERIOD		(11,907)	(8,129)
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Items that may be reclassified subsequently to profit or loss:			
— Translation difference		(1,315)	(33)
— Change in fair value of available-for-sale financial assets		(104,559)	101
Other comprehensive (loss)/income for the period		(105,874)	68
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(117,781)	(8,061)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(11,907)	(8,129)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		(117,781)	(8,061)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (HK cents)	11	(0.14)	(2.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	<i>Note</i>	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,471	60
Investment properties	12	38,674	39,468
Available-for-sale financial assets		97,388	2,131
		<u>139,533</u>	<u>41,659</u>
CURRENT ASSETS			
Held-for-trading investments	13	96,201	70,384
Trade and other receivables	14	105,718	108,414
Cash and cash equivalents		1,396,209	131,695
		<u>1,598,128</u>	<u>310,493</u>
CURRENT LIABILITIES			
Trade and other payables	15	2,259	1,222
Amount due to a related company		366	—
Tax payable		160	165
		<u>2,785</u>	<u>1,387</u>
NET CURRENT ASSETS		<u>1,595,343</u>	<u>309,106</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,734,876</u>	<u>350,765</u>
NON-CURRENT LIABILITIES			
Convertible bond	16	159,272	—
Deferred tax liability		10,951	4,251
		<u>170,223</u>	<u>4,251</u>
NET ASSETS		<u>1,564,653</u>	<u>346,514</u>
EQUITY			
Equity attributable to owners of the Company:			
Share capital		1,020,960	370,960
Reserves		543,693	(24,446)
TOTAL EQUITY		<u>1,564,653</u>	<u>346,514</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand unless otherwise stated.

These unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and properties which are carried at their fair values.

These unaudited condensed consolidated financial statements should be read in conjunction with the Annual Report of the Group for the year ended 31 March 2015.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015, except for the impact of the adoption of the new and revised HKASs, Hong Kong Financial Reporting Standards (“HKFRS”), amendments and interpretations described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial period beginning on 1 April 2015.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (2011) (Amendments)	Defined Benefits Plans: Employee Contributions

The application of these new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective, in these Interim Financial Statements. However, the Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group’s operation and may result in changes in the Group’s accounting policies, and changes in presentation and measurement of certain items of the Group’s financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

3. TURNOVER

The Group's turnover was mainly generated from the investment properties held by the Group which are set out below:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Rental income of investment properties	<u>228</u>	<u>225</u>

4. OTHER REVENUE

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sub-leasing income	2,537	—
Interest income on bank deposits	2,059	296
Dividend income from AFS financial assets	342	30
Management fee income	39	38
Sundry income	<u>12</u>	<u>23</u>
	<u>4,989</u>	<u>387</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

5. OTHER GAINS AND (LOSSES)

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Exchange gains/(losses)	4	(48)
Gain on fair value change of investment properties (Note 12)	466	—
Unlisted investment redemption gain	1,394	—
Gain on disposal of held-for-trading investments	13,562	—
Loss on fair value change of held-for-trading investments	(12,479)	—
Loss on disposal of fixed assets	(1)	—
	<u>2,946</u>	<u>(48)</u>

6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Company's executive director. The Group's principal activity is property development and property leasing in the People's Republic of China (the "PRC"). The executive directors regard it as a single business segment and no segment information is presented.

During the periods ended 30 September 2015 and 2014, the Group mainly operated in the PRC and the Group's turnover are derived from the PRC and most of the assets of the Group are located in the PRC as at 30 September 2015 and 31 March 2015. No analysis of the Group's result by geographical area is disclosed.

At the end of the reporting period, non-current assets included property, plant and equipment and investment properties with carrying amount of approximately HK\$38,706,000 (31 March 2015: HK\$39,528,000) located in the PRC.

7. FINANCE COSTS

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on convertible bond	<u>4,836</u>	<u>1,635</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

8. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived after charging:		
Depreciation of property, plant and equipment	684	—
Operating lease payments	4,078	2,468
Directors' and chief executive's emoluments	2,932	968
Total staff costs, excluding directors' emoluments		
— Salaries and allowances	1,876	1,165
— Retirement benefits scheme contributions	115	65
	<u>684</u>	<u>—</u>

9. TAXATION

Taxation in the consolidated statement of profit or loss and other comprehensive income represented:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current Tax		
The PRC Enterprise Income Tax	214	—
	<u>214</u>	<u>—</u>
Deferred tax income	(681)	—
	<u>(681)</u>	<u>—</u>
	<u>(467)</u>	<u>—</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group did not derive any assessable profits in Hong Kong during the interim period (six months ended 30 September 2014: Nil).

Taxation on profits derived in the PRC for subsidiaries has been calculated at the rate of tax prevailing in the PRC, Enterprise Income Tax rate, of 25% (six months ended 30 September 2014: 25%), which is based on existing legislation, interpretations and practices in respect thereof.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

10. DIVIDEND

The Director do not recommend the payment of any interim dividend in respect of the period under review. (six months ended 30 September 2014: Nil)

11. LOSS PER SHARE

The calculation of basic loss per share for the period is based on the unaudited consolidated loss attributable to owners of the Company of approximately HK\$11,907,000 (six months ended 30 September 2014: HK\$8,129,000) and on the weighted average number of 8,220,531,882 (six months ended 30 September 2014: 364,955,880) ordinary shares in issue during the period. No diluted loss per share has been presented as the exercise of the convertible bond would result in a decrease in loss per share for both periods.

12. INVESTMENT PROPERTIES

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
At 1 April	39,468	37,800
Gain on fair value change of investment properties (<i>Note 5</i>)	466	1,668
Exchange realignment	<u>(1,260)</u>	<u>—</u>
At 30 September/31 March	<u>38,674</u>	<u>39,468</u>

At the end of reporting period, the Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 September 2015 has been determined on the basis of valuation carried out by Grant Sherman Appraisal Limited, a firm of independent professional valuers, by using an income capitalisation approach. The changes in fair values were included in the consolidated statement of profit or loss and other comprehensive income.

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Not later than one year	<u>203</u>	<u>215</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

13. HELD-FOR-TRADING INVESTMENTS

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK'000
Held-for-trading:		
Equity securities, at fair value — listed in Hong Kong	96,201	70,384

14. TRADE AND OTHER RECEIVABLES

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade receivables	984	984
Less: Provision for impairment	(984)	(984)
Trade receivables, net of provision	—	—
Deposits and other receivables	104,766	107,267
Prepayments	952	1,147
	105,718	108,414

All trade receivables before provision for impairment were aged over twelve months based on the invoice issue date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

15. TRADE AND OTHER PAYABLES

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade payables	323	334
Other payables and accruals	1,936	888
	<u>2,259</u>	<u>1,222</u>

The average credit period on trade payables is over 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. All trade payables of the Group were aged over twelve months based on the invoice issue.

16. CONVERTIBLE BOND

The convertible bond issued has been split as to the liability and equity component and movement of the convertible bond is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Nominal value of the convertible bond	200,000	68,000
Issuing expenses	(446)	—
Equity component	<u>(45,118)</u>	<u>(5,888)</u>
Liability component		
— Liability component	154,436	62,112
— Interest expenses	4,836	4,086
Conversion of convertible bond	<u>—</u>	<u>(66,198)</u>
Total liability component	<u>159,272</u>	<u>—</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

17. EVENT AFTER REPORTING PERIOD

On 26 October 2015, the Company entered into a project investment agreement with the Management Committee of Fuyang Economic and Technological Development Zone, Hangzhou, pursuant to which the Company has agreed to acquire a parcel of land of 176 mu through tender, auction or listing-for-sale from the relevant PRC authority.

On 27 October 2015, the Company entered into a project investment agreement with the Management Committee of Songmu Industrial Park, Hengyang, Hunan, pursuant to which the Company has agreed to acquire a parcel of land of 150 mu through tender, auction or listing-for-sale from the relevant PRC authority.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated and re-classified to conform to the current period's presentation.

19. APPROVAL OF THE INTERIM FINANCIAL REPORT

This interim financial report was approved by the Board on 23 November 2015.

INTERIM DIVIDEND

The Directors have decided not to declare any interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit analysis

During the six months ended 30 September 2015, the Group was principally engaged in the business of property development and investment in the People's Republic of China (the "PRC"). There was a gross floor area of approximately 7,845 square metres (31 March 2015: 7,845 square metres) of the commercial properties held by the Group located in Zouping, Shandong, the PRC. Rental income of approximately HK\$228,000 (six months ended 30 September 2014: HK\$225,000) was generated from leasing out part of commercial properties concerned. The modest increase in rental income was attributed to the increase in occupancy rate for the rentable area. The direct expenses were mainly fixed rate turnover taxes, thus the gross profit margin for the six months ended 30 September 2015 maintained a stable level as compared to the last period.

Other revenue

During the six months ended 30 September 2015, the other revenue was approximately HK\$4,989,000, which represents an increase of approximately HK\$4,602,000, or 1,189.1 %, from approximately HK\$387,000 of the corresponding period of 2014. The increase was mainly attributable to (i) the increase of approximately HK\$1,763,000 in interest income as a result of increase in cash balances and (ii) sub-leasing part of head office in Hong Kong to a third party on arm's length basis of approximately HK\$2,537,000.

Other gains and (losses)

The Group invests part of the surplus cash, to an amount which was safely kept and monitored under the Groups' treasury policies, in highly liquid market securities. During the six months ended 30 September 2015, the other gains were approximately HK\$2,946,000, which represents an increase of approximately HK\$2,994,000, or 6,237.5%, from losses of approximately HK\$48,000 of the corresponding period of 2014. The increase was mainly attributable to the combined effect of (i) the net gain on held for trading securities of approximately HK\$1,083,000, resulted from combining the disposal gains of approximately HK\$13,562,000 and unrealised fair value loss of approximately HK\$12,479,000 and (ii) the unlisted investment redemption gain of approximately HK\$1,394,000, calculated from the difference between the redemption proceeds of USD 203,000 (equivalent to approximately HK\$1,578,000) and the unlisted equity investment at cost.

Administrative expenses

During the six months ended 30 September 2015, the administrative expenses were approximately HK\$15,661,000, which represents an increase of approximately HK\$8,670,000 from approximately HK\$6,991,000, or 124.0%, of the corresponding period of 2014. The increase was mainly attributable to the combined effect of (i) increase in Directors' emolument of approximately HK\$1,964,000; (ii) increase in general administrative expense of approximately HK\$957,000 from two newly incorporated PRC subsidiaries, for land acquisition purpose in Shanghai and Huizhou City as mentioned under section headed "Business Review and Prospects", namely Excellent Live Building Technology (Shanghai) Co., Ltd.* (住優建築科技(上海)有限公司) and Guangdong China Minsheng Drawin Technology Co., Ltd.* (廣東中民築友科技有限公司); (iii) increase of general legal consultancy fee of approximately HK\$969,000; (iv) increase in operating lease payment of approximately HK\$1,610,000 and (v) increase of depreciation expenses of approximately HK\$684,000 from additions of leasehold improvements.

Finance costs

For the six months ended 30 September 2015, the finance costs mainly represented the effective interest amortised on the zero coupon Convertible Bond ("CB") with outstanding principal amount of HK\$200 million completed on 27 May 2015. The effective interest rate applied on the liability component of approximately HK\$154,436,000 is 9% per annum. The residual amount of approximately HK\$37,600,000 is assigned in the equity component of the CB and is included in shareholders' equity. For the six months ended 30 September 2014, the finance cost mainly represented the effective interest amortised on the HK\$68 million CB issued on 7 May 2008 (with coupon rate and effective interest rate of 3% and 5% respectively), such CB was converted into 425 million shares on 17 December 2014.

Total assets

The total assets of the Group as at 30 September 2015 were approximately HK\$1,738 million, representing an increase of approximately HK\$1,386 million, or 393.8%, from approximately HK\$352 million as at 31 March 2015. The increase was mainly attributable to the net proceeds of approximately HK\$1,498 million received from the shares subscription and zero coupon CB issuance completed on 27 May 2015 (details can be referred to the section headed "Capital Structure" below).

Total liabilities

The total liabilities of the Group as at 30 September 2015 were approximately HK\$173 million, representing an increase of approximately HK\$167 million, or 2,783.3%, from approximately HK\$6 million as at 31 March 2015. The increase was mainly attributable to additions of liability component of approximately HK\$154,436,000 from the zero coupon CB completed at 27 May 2015 (details can be referred to the section headed "Capital Structure" below).

* For identification purpose only

Total equity

The total equity attributable to shareholders of the Company as at 30 September 2015 was approximately HK\$1,565 million, representing an increase of approximately HK\$1,218 million, or 351.0 %, from approximately HK\$347 million as at 31 March 2015. The increase mainly attributable to combined net effect of (i) increase in share capital and share premium of approximately HK\$1,298 million from the issuance of 6,500,000,000 shares at HK\$0.2 each completed on 27 May 2015; (ii) share of equity component of approximately HK\$37,600,000 from the zero coupon CB subscription completed on 27 May 2015 and (iii) available for sales investment devaluation loss recognised at revaluation reserve in equity of approximately HK\$104,454,000.

Business Review and Prospects

In the year ahead, the global economy remains uncertain amid volatility in the global financial markets. While the US economy continued its recovery trend, the economic growth of the Eurozone and Japan were below the desired level. The timing and quantum of the interest rate rise of the US remain uncertain and are affected by both the US's domestic economic performance and the volatility of global economic conditions.

Anticipating a slowdown in economic growth in China, the government of Mainland China has taken various measures in order to sustain the growth. The government in the past few months has relaxed certain tax regulations and announced six cuts to benchmark interest rates since November 2014. It is expected that such measures may help lift the economy. In Mainland China, GDP growth of 7.0% and 6.9% was reported in the first half and third quarter of year 2015 respectively.

While the growth of investment in fixed assets slowed down recently, investment in infrastructure became the driving force of growth. To ensure healthy and stable long-term economic development, the government is expected to launch more infrastructural projects including energy, water resources, railways and government sponsored housing. Meanwhile, the national strategy of "One Belt, One Road" will create enormous infrastructure investment opportunities.

Apart from catalysts on infrastructural investment, mainland China's economic structure will change from medium-low end to medium-high end. To sustain a long-term healthy economic development, the government had issued in its 12th five year plan the "Special Planning on climate change and scientific development", the implementation of green building development is among one of the first imperative. The concept of clean production, building green and low-carbon industry systems is further promoted from the China's 13th five year plan recently. The Group believes its strategy to invest in the upstream property development sector (namely, the building of capability of the Group in the production of prefabricated construction units and materials) is the most effective way to solve the existing problems in the traditional construction industry (being high consumption, severe contamination and inefficiency) and is the best way to upgrade the traditional construction technology. It is also in line with the national strategy and intrinsic demand of city development in an environmental friendly way.

Upon completion of subscription of 6,500 million shares on 27 May 2015, China Minsheng Jiaye Investment Co., Ltd (“CMJI”) became the largest shareholder of the Group. As such, with the support from CMJI in terms of its industry expertise and experience and extensive network resources, it would place the Company in a position to seize market opportunities effectively.

As part of the Group’s business expansion plan in prefabricated construction, the Group is actively identifying premium investment opportunities in various regions in PRC, including but not limited to the area of Guangdong Province, Jiangsu Province and Zhejiang Province. During the six months ended 30 September 2015, the Group acquired a piece of land located in Songjiang, Shanghai with an area of approximately 19,272.81 square meters for a consideration of RMB 82,000,000 in June 2015 (details can be referred to the announcement dated 19 June 2015) and a piece of land located in Hui Yang District, Huizhou City with an area of approximately 22,283.72 square meters for a consideration of RMB 73,000,000 in August 2015 (details can be referred to the announcement dated 4 August 2015). It is expected that once these new production facilities and equipments are in place, the Group’s businesses in the production and sales of prefabricated construction units and materials will quickly emerge into the market and will broaden the revenue stream and enhance the market position of the Group.

The Group also entered into several project investment agreements with local governments, namely in Nanjing, Nanning, Hangzhou and Hengyang in July, August and October 2015 (details can be referred to the announcement dated 14 July 2015, 31 August 2015, 26 October 2015 and 27 October 2015), pursuant to the project investment agreements, the Group has agreed to acquire the lands through tender, auction or listing-for-sale from the relevant PRC authorities. It is expected that following the completion of the acquisitions, the Company will develop the Lands into Green Construction Technology Park, which involves the research and development, design, production and sales of intelligent and environmental friendly building construction technology and materials.

The Group has also collaborated and cooperated with premier companies in Singapore, Germany and Austria, aiming to transplant their advanced technologies in housing industrialisation, and bridging alliance partners, sharing the same vision, such as universities in China, in realizing and speeding up the mission in acting as the leading roles in the construction industrialisation in China.

Regarding the proposed acquisition of the entire equity interest in Jinhong Property Development Limited (details can be referred to the announcement dated 24 December 2014) and proposed acquisition of certain properties in Shenzhen (details can be referred to the announcements dated 26 February 2014, 23 May 2014, 22 August 2014, 25 November 2014 and 30 December 2014), as these investment opportunities are still under assessment, further announcement will be made by the Group in this regard as and when appropriate in accordance with the requirements of the Listing Rules.

Looking forward, the Board considers that the Group will strive to boost its business development and enhance financial and operating performance, so as to create better returns for shareholders in the long run.

Capital Structure

As disclosed in the Company's announcements dated 2 March 2015, 9 March 2015 and circular dated 30 April 2015, on 9 February 2015, CMJI and the Company entered into the Share Subscription Agreement pursuant to which CMJI has conditionally agreed to subscribe for and the Company has conditionally agreed to issue and allot, on the Share Subscription Completion Date, 6,500 million new Shares which has been determined by dividing HK\$1,300 million by HK\$0.20 each per Subscription Share. The Company also entered into the CB Subscription Agreement with Honghu Capital Company Limited ("Honghu Capital") on the same date pursuant to which the Company has conditionally agreed to issue, and Honghu Capital has conditionally agreed to subscribe for, the zero coupon CB in an aggregate principal amount of HK\$200 million. The Share Subscription Agreement and CB Subscription Agreement had been approved by shareholders on 18 May 2015 and completion took place on 27 May 2015. On completion date, 6,500 million subscription shares had successfully been issued and allotted to Jiayao Global Investments Limited, a wholly owned subsidiary of CMJI and principal amount of HK\$200 million zero coupon CB had been issued to Honghu Capital.

The net proceeds obtained by the Group from subscription shares and zero coupon CB amounted to approximately HK\$1,498 million. The proceeds from the subscription shares and zero coupon CB were used for potential investment opportunities identified, business development and general working capital of the Group.

As at 30 September 2015, the Company's issued share capital was approximately HK\$1,020,960,000 (31 March 2015: HK\$370,960,000) with 10,209,602,920 (31 March 2015: 3,709,602,920) ordinary shares of HK\$0.10 each (the "Shares") in issue.

As at 30 September 2015, the Group's liabilities were mainly attributable to the zero coupon CB of the Company due on 26 May 2018 (the "Maturity Date") with an outstanding principal amount of HK\$200 million. The zero coupon CB can be converted into a maximum of 1,000,000,000 Shares after 6 months from the date of issue of zero coupon CB at the conversion price of HK\$0.2 per Share. The Company has no obligation to redeem the zero coupon CB prior to the Maturity Date unless an event of default as provided in the terms and conditions of the zero coupon CB has occurred prior to the Maturity Date and the bondholder serves a notice on the Company requiring the zero coupon CB to be redeemed.

Liquidity and Financial Resources

As at 30 September 2015, cash and bank balances of the Group amounted to approximately HK\$1,396,209,000, as compared to approximately HK\$131,695,000 as at 31 March 2015. At the end of the period, the Group's total borrowings represented the carrying amount of the CB of approximately HK\$159,272,000 (31 March 2015: Nil).

The Group borrowings were all denominated in Hong Kong Dollars ("HKD") and Bank balances and cash were mainly denominated in HKD and RMB. As at 30 September 2015, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

The Group's financial base and liquidity has been strengthened to a healthy position after completion of the shares subscription and CB subscription in May 2015. The Group has raised net proceeds of approximately HK\$1,498 million for financing future development, details of the intended use of proceeds were stated in the Company's circular dated 30 April 2015.

The Group's gearing ratio as at 30 September 2015 was 9.2%, being the ratio of the Group's total borrowings to its total assets (gearing ratio as at 31 March 2015: Nil).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Save as disclosed in the paragraph under the section headed "Business Review and Prospects" above, the Group did not make any material acquisition and disposal of subsidiaries and associated companies during the period ended 30 September 2015.

Employees

As at 30 September 2015, the Group had a total of 85 (31 March 2015: 14) employees (excluding directors of the Company). 81 (31 March 2015: 8) of them worked in the PRC and 4 (31 March 2015: 6) of them worked in Hong Kong.

Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. Other employee benefits include mandatory provident fund, medical insurance coverage and share option scheme.

Charges on Group Assets

As at 30 September 2015, the Group had no significant assets pledged to banks to secure general banking facilities and bank loan granted to the Group (31 March 2015: Nil).

Capital Commitment and Contingent Liabilities

As at 30 September 2015, the Group had no outstanding capital commitments (31 March 2015: Nil) and no material contingent liabilities (31 March 2015: Nil).

Share Option Scheme

The share option scheme adopted by the Company on 7 November 2003 (the "Old Scheme") was terminated pursuant to an ordinary resolution passed by the shareholders of the Company on 7 August 2013. A new share option scheme (the "New Scheme") in place of the Old Scheme was adopted pursuant to such resolution with effect from 7 August 2013 for a period of 10 years.

No share options have been granted, exercised, cancelled or lapsed under the New Scheme since its adoption on 7 August 2013. As at 30 September 2015 and up to the date of this announcement, there were no outstanding share options that have been granted and remained outstanding and exercisable under both the Old Scheme and the New Scheme.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the Corporate Governance Code. The audit committee consists of three independent non-executive Directors, namely, Mr. Jiang Hongqing (Chairman), Mr. Lee Chi Ming and Mr. Chan Chi Hung, Anthony. Mr. Lee Chi Ming possesses appropriate accounting and related financial management expertise. The primary duties of the audit committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company and to perform other duties and responsibilities as assigned by the Board. The audit committee has reviewed the condensed consolidated financial statements for the six months ended 30 September 2015, including the accounting principles and practices adopted by the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the applicable code provisions (the “Code Provision”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the interim period, except the following deviations:

Under Code Provision A.1.1, board meetings should be held at least four times a year at approximately quarterly intervals. The Board aims to meet regularly in person or through electronic means of communication at least four times a year. However, for the sake of flexibility, the Board may also hold meetings with less than 14 days’ notice as required for regular meetings under Code Provision A.1.3, it may also pass resolutions by circulation of documents if considered appropriate. The Company will keep reviewing the above situation and make appropriate changes to improve the corporate governance practices of the Company if considered necessary.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Fong Rong and Mr. Zhou Feng, each being a non-executive director and Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing, all of them being independent non-executive directors, could not attend the annual general meeting of the Company held on 18 August 2015 because of their other business commitments; due to other business engagements, Mr. Chan Chi Hung, Anthony, could not attend the special general meeting of the Company held on 18 May 2015. Aiming for compliance with this Code Provision, the Company will continue to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way to enable all Directors to attend the general meetings as far as possible.

Under Code Provision A.7.1, an agenda and accompanying board papers should be sent, in full, to the Directors at least three days before the intended date of a Board or Board committee meeting. For practical reasons, an agenda and accompanying board papers may not be sent in full three days in advance of the meeting concerned, especially in case of meetings held on an ad hoc basis. The Company will endeavour to send the agenda and accompanying board papers in full to the Board and Board committees three days in advance to the extent practicable.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by directors of the Company. Based on the specific enquiry made to the Company's directors, they have complied with the required standard set out in the Model Code throughout the accounting period under review.

CHANGE OF COMPOSITION OF THE BOARD OF DIRECTORS (THE "BOARD") AND THE REMUNERATION COMMITTEE

Mr. Yeung Chun Wai, Anthony resigned as an executive director, deputy chairman of the board and authorized representative of the Company on 8 September 2015. Mr. Chen Domingo ("Mr. Chen") had been appointed as authorized representative of the Company on the same date.

On 8 September 2015, Mr. Mi Hongjun was re-designated from the chairman of the Remuneration Committee to a member of Remuneration Committee of the Company and Mr. Jiang Hongqing was appointed as the chairman of the Remuneration Committee of the Company.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed elsewhere in this announcement, changes in information of Directors since the publication of the Company's annual report 2015 were as below pursuant to Rule 13.51B(1) of the Listing Rules:

On 8 July 2015, Mr. Chen, was appointed as an executive director of REX Global Entertainment Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 164). Mr. Chen resigned as an executive director of Leyou Technologies Holdings Limited (stock code: 1089) on 24 July 2015.

On 15 July 2015, Mr. Lee Chi Ming, was appointed as an independent non-executive director of REX Global Entertainment Holdings Limited (stock code: 164).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its shares during the six months ended 30 September 2015.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange and the Company (<http://cmdrawin.todayir.com>). The interim report for the six months ended 30 September 2015 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

On behalf of the Board, I would like to express my heartfelt gratitude to our management team, staff and shareholders for their dedication and contribution to the Group.

By Order of the Board of
China Minsheng Drawin Technology Group Limited
Mi Hongjun
Executive Director and Chairman

Hong Kong, 23 November 2015

As at the date of this announcement, the Board comprises Mr. Mi Hongjun (Chairman), Mr. Yin Jun (Deputy Chairman) and Mr. Chen Domingo as executive directors; Ms. Fang Rong and Mr. Zhou Feng as non-executive directors; Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing as independent non-executive directors.