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INTERIM
REPORT
2015



China Minsheng Drawin Technology Group Limited

(Formerly known as South East Group Limited)

(Incorporated in Bermuda with limited liability)

Stock Code: 726

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CORPORATE INFORMATION

Board of Directors:

Executive:

MI Hongjun (*Chairman*)

YIN Jun

(*Deputy Chairman and Chief Executive Officer*)

CHEN Domingo

Non-executive:

FANG Rong

ZHOU Feng

Independent Non-executive:

LEE Chi Ming

CHAN Chi Hung, Anthony

JIANG Hongqing

Audit Committee:

JIANG Hongqing (*Committee Chairman*)

LEE Chi Ming

CHAN Chi Hung, Anthony

Remuneration Committee:

JIANG Hongqing (*Committee Chairman*)

MI Hongjun

LEE Chi Ming

Nomination Committee:

MI Hongjun (*Committee Chairman*)

LEE Chi Ming

JIANG Hongqing

Company Secretary:

LAU Wing Chuen

Authorised Representatives:

CHEN Domingo

LAU Wing Chuen

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business:

Suites 1001-1004, 10th Floor
One Pacific Place, 88 Queensway
Hong Kong

Auditor:

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
11 Pedder Road
Central
Hong Kong

Principal Registrars and Transfer Office:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Share Registrars and Transfer Office:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Adviser as to Hong Kong Law:

Clifford Chance

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 a substantial increase 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 the combined effect of 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 USD203,000 (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 in 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.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review *(continued)*

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 convertible bond issued on 7 May 2008 (with coupon rate and effective interest rate of 3% and 5% respectively), such convertible bond was fully 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).

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 was 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 was 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 environmentally friendly way.

Upon completion of subscription for 6,500 million shares on 27 May 2015, China Minsheng Jiaye Investment Co., Ltd ("CMJI") became the largest and controlling 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 Group 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 the 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 parcel 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 (for details please refer to the announcement dated 19 June 2015) and a parcel 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 (for details please refer 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review and Prospects *(continued)*

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 (for details please refer to the announcements 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 parcels of land through tender, auction or listing-for-sale from the relevant PRC authorities. It is expected that, if these potential acquisitions materialise, the Group will develop those parcels of land into Green Construction Technology Park, which involves the research and development, design, production and sales of intelligent and environmentally 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.

The Company's proposed acquisition of the entire equity interest in Jinhong Property Development Limited (for details please refer to the announcement dated 24 December 2014) is still under assessment. Further, as disclosed in the announcement dated 2 March 2015, the framework agreement in relation to the proposed acquisition of properties in Shenzhen had been lapsed (for details of such proposed acquisition please refer to the announcements dated 26 February 2014, 23 May 2014, 22 August 2014, 25 November 2014 and 30 December 2014). The HK\$72 million earnest money paid shall be refunded to the Company pursuant to the framework agreement. The Company is making effort to demand the refund of the above earnest money and it is expected that such monies will be refunded to the Group on or before 31 December 2015. Further announcement relating to the above will be made by the Company 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 and 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 agreed to subscribe for and the Company agreed to issue and allot 6,500 million new shares of the Company which was 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 agreed to issue, and Honghu Capital 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 were approved by the Company's 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 zero coupon CB with an aggregate principal amount of HK\$200 million had been issued to Honghu Capital.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Capital Structure *(continued)*

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 will be 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 number 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 occurs 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 were 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 facing significant foreign exchange risks and exposures.

The Group's financial base and liquidity have 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).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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).

OTHER INFORMATION

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).

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2015, none of the directors and chief executive 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 and 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 to be notified to the Company and the Stock Exchange.

Substantial Shareholders

As at 30 September 2015, save as disclosed below, as far as the directors of the Company are aware, no other persons or corporations (other than a director or chief executive of the Company) who had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Long position in the Shares and underlying Shares in the Company

Name of shareholder	Nature of interest	Long Position/ Short Position	Number of Shares held	Percentage of the Company's issued share capital as at 30 September 2015 (Note 5)
Quantum China Asset Management Limited	Investment manager	Long position	826,840,000	8.10%
Jiayao Global Investments Limited (Note 1)	Beneficial owner	Long position	6,500,000,000	63.67%
China Minsheng Jiaye Investment Co., Ltd. (Note 1)	Interest of a controlled corporation	Long position	6,500,000,000	63.67%
China Minsheng Investment Corp., Ltd. (Note 2)	Interest of a controlled corporation	Long position	6,500,000,000	63.67%
Honghu Capital Company Limited (Note 3)	Beneficial owner	Long position	1,000,000,000	9.79%
Deng Jun Jie (Note 4)	Interest of a controlled corporation	Long position	1,000,000,000	9.79%

OTHER INFORMATION *(continued)*

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures *(continued)*

Long position in the Shares and underlying Shares in the Company *(continued)*

Notes:

1. On 9 February 2015, CMJI and the Company entered into the Share Subscription Agreement pursuant to which CMJI agreed to subscribe for and the Company agreed to issue and allot 6,500,000,000 new shares of the Company which was determined by dividing HK\$1,300,000,000 (being the total subscription consideration under the Share Subscription Agreement) by HK\$0.20 (being the subscription price per subscription share). Details in relation to the shares subscription are set out in the Company's circular dated 30 April 2015. The share subscription was approved by the Company's shareholders on 18 May 2015 and completion took place on 27 May 2015, on which 6,500 million new shares were successfully issued and allotted to Jiayao Global Investments Limited, a wholly owned subsidiary of CMJI.
2. China Minsheng Investment Corp., Ltd is a large private investment company organized by The All-China Federation of Industry and Commerce in China and was launched by 59 well-known private enterprises throughout China. CMJI is a wholly owned subsidiary of China Minsheng Investment Corp., Ltd.
3. On 9 February 2015, Honghu Capital and the Company entered into the Convertible Bonds Subscription Agreement pursuant to which the Company agreed to issue, and Honghu Capital agreed to subscribe for, the zero coupon Convertible Bonds in an aggregate principal amount of HK\$200,000,000. Assuming exercise in full of the conversion rights attaching to the Convertible Bonds, 1,000,000,000 conversion shares will be allotted and issued to Honghu Capital. Details in relation to the CB subscription are set out in the Company's circular dated 30 April 2015. The Convertible Bonds subscription had been approved by the Company's shareholders on 18 May 2015 and completion took place on 27 May 2015.
4. Honghu Capital is a company 100% owned by Mr. Deng Jun Jie.
5. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 10,209,602,920 Shares in issue as at 30 September 2015.

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 which has a term 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 report, there were no outstanding share options that have been granted and remained outstanding and exercisable under both the Old Scheme and the New Scheme.

OTHER INFORMATION *(continued)*

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.

OTHER INFORMATION *(continued)*

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"), CHIEF EXECUTIVE AND THE BOARD COMMITTEE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of composition of the Board, chief executive and the Board Committee since the publication of the Company's annual report 2015 were as below :

With effect from 3 July 2015, Mr. Chen Domingo ("Mr. Chen") resigned as deputy chairman of the Board, but continued to serve as an executive director of the Company; Mr. Lee Chi Ming was re-designated from chairman of each of the Nomination Committee and the Remuneration Committee to member of each of the Nomination Committee and the Remuneration Committee; Mr. Chan Chi Yuen resigned as executive director of the Company; Mr. Mi Hongjun was appointed as an executive director of the Company, chairman of the Board, chairman of each of the Nomination Committee and the Remuneration Committee; Mr. Yin Jun was appointed as an executive director of the Company, deputy chairman of the Board and chief executive officer of the Company; and Ms. Fang Rong and Mr. Zhou Feng were appointed as non-executive directors of the Company.

Mr. Mock Wai Yin ceased to act as an authorized representative of the Company with effect from 3 July 2015 and Mr. Lau Wing Chuen, Company Secretary of the Company, filled the vacant position as an authorized representative of the Company with effect on the same date.

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 had been appointed as authorized representative of the Company on the same date.

Mr. Chen Donghui was appointed as the chief financial officer of the Company with effect from 8 September 2015.

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.

OTHER INFORMATION *(continued)***CHANGE OF COMPOSITION OF THE BOARD OF DIRECTORS (THE “BOARD”), CHIEF EXECUTIVE AND THE BOARD COMMITTEE***(continued)*

Summary of the Directors and their role and function are set out as follows:

Executive Directors:

Mr. MI Hongjun (*Chairman*)
 Mr. YIN Jun (*Deputy Chairman, Chief Executive Officer*)
 Mr. CHEN Domingo

Non-executive Directors:

Ms. FANG Rong
 Mr. ZHOU Feng

Independent Non-executive Directors:

Mr. LEE Chi Ming
 Mr. JIANG Hongqing
 Mr. CHAN Chi Hung, Anthony

Director	Board Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. MI Hongjun		—	M	C
Mr. LEE Chi Ming		M	M	M
Mr. JIANG Hongqing		C	C	M
Mr. CHAN Chi Hung, Anthony		M	—	—

Notes:

- C — Chairman of the relevant Board committees
 M — Member of the relevant Board committees

OTHER INFORMATION *(continued)*

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed elsewhere in this report, 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.

By Order of the Board of

China Minsheng Drawin Technology Group Limited

Mi Hongjun

Executive Director and Chairman

Hong Kong, 23 November 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended 30 September	
	Note	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Turnover	4	228	225
Cost of sales and services		(40)	(40)
Gross profit		188	185
Other revenue	5	4,989	387
Other gains and (losses)	6	2,946	(48)
Selling and distribution expenses		—	(27)
Administrative expenses		(15,661)	(6,991)
LOSS FROM OPERATIONS		(7,538)	(6,494)
Finance costs	8	(4,836)	(1,635)
LOSS BEFORE TAXATION	9	(12,374)	(8,129)
Taxation	10	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)

The notes on pages 19 to 26 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,471	60
Investment properties	13	38,674	39,468
Available-for-sale financial assets		97,388	2,131
		139,533	41,659
CURRENT ASSETS			
Held-for-trading investments	14	96,201	70,384
Trade and other receivables	15	105,718	108,414
Cash and cash equivalents	16	1,396,209	131,695
		1,598,128	310,493
CURRENT LIABILITIES			
Trade and other payables	17	2,259	1,222
Amount due to a related company		366	—
Tax payable		160	165
		2,785	1,387
NET CURRENT ASSETS		1,595,343	309,106
TOTAL ASSETS LESS CURRENT LIABILITIES		1,734,876	350,765
NON-CURRENT LIABILITIES			
Convertible bond	18	159,272	—
Deferred tax liabilities	19	10,951	4,251
		170,223	4,251
NET ASSETS		1,564,653	346,514
EQUITY			
Equity attributable to owners of the Company:			
Share capital	20	1,020,960	370,960
Reserves		543,693	(24,446)
TOTAL EQUITY		1,564,653	346,514

The notes on pages 19 to 26 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Equity Component Convertible bond reserve HK\$'000	Exchange reserve HK\$'000	Contributed surplus reserve HK\$'000	Employee share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015									
At 1 April 2015 (audited)	370,960	38,570	105	—	17,038	131,166	—	(211,325)	346,514
Comprehensive loss:									
Loss for the period	—	—	—	—	—	—	—	(11,907)	(11,907)
Other comprehensive (loss)/income									
Changes in fair value of available-for-sale investments	—	—	(104,559)	—	—	—	—	—	(104,559)
Translation difference	—	—	—	—	(1,315)	—	—	—	(1,315)
Total comprehensive (loss)/income for the period	—	—	(104,559)	—	(1,315)	—	—	(11,907)	(117,781)
Share issuance expense	—	(1,680)	—	—	—	—	—	—	(1,680)
Issuance of shares upon share subscription	650,000	650,000	—	—	—	—	—	—	1,300,000
Issuance of convertible bond	—	—	—	37,600	—	—	—	—	37,600
At 30 September 2015 (unaudited)	1,020,960	686,890	(104,454)	37,600	15,723	131,166	—	(223,232)	1,564,653

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

At 1 April 2014 (audited)	36,496	15,641	(4,141)	5,888	17,071	131,166	—	(201,943)	178
Comprehensive loss:									
Loss for the period	—	—	—	—	—	—	—	(8,129)	(8,129)
Other comprehensive (loss)/income									
Changes in fair value of available-for-sale investments	—	—	101	—	—	—	—	—	101
Translation difference	—	—	—	—	(33)	—	—	—	(33)
Total comprehensive (loss)/income for the period	—	—	101	—	(33)	—	—	(8,129)	(8,061)
At 30 September 2014 (unaudited)	36,496	15,641	(4,040)	5,888	17,038	131,166	—	(210,072)	(7,883)

The notes on pages 19 to 26 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash used in operating activities	(8,313)	(4,879)
Net cash (used in)/generated from investing activities	(224,850)	326
Net cash generated from/(used in) financing activities	1,497,874	(7)
Net increase/(decrease) in cash and cash equivalents	1,264,711	(4,560)
Cash and cash equivalents at the beginning of the period	131,695	27,151
Effect of foreign exchange rates changes	(197)	(33)
Cash and cash equivalents at the end of the period	1,396,209	22,558

The notes on pages 19 to 26 form an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Minsheng Drawin Technology Group Limited (the “Company”) was incorporated as an exempted company with limited liability in Bermuda on 28 February 1991 under the Companies Act 1981 of Bermuda and its issued shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effective from 25 July 1991.

The address of the registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company has been changed to Suites 1001-1004, Level 10, One Pacific Place, 88 Queensway, Admiralty, Hong Kong with effective from 9 January 2015.

The principal activity of the Company is investment holding.

On 27 May 2015, China Minsheng Jiaye Investment Co., Ltd. (“CMJI”) became the substantial shareholder of the Company. CMJI is a subsidiary 100% owned by China Minsheng Investment Corp., Ltd..

2. 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.

3. 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.

4. 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 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Rental income of investment properties	228	225

5. OTHER REVENUE

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) 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	12	23
	4,989	387

6. OTHER GAINS AND (LOSSES)

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Exchange gains/(losses)	4	(48)
Gain on fair value change of investment properties (Note 13)	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)	—
	2,946	(48)

7. 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.

8. FINANCE COSTS

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

9. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) 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

10. TAXATION

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

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

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.

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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment amounting to approximately HK\$4,099,000 (six months ended 30 September 2014: HK\$5,000).

13. 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 (Note 6)	466	1,668
Exchange realignment	(1,260)	—
At 30 September/31 March	38,674	39,468

13. INVESTMENT PROPERTIES (continued)

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	203	215

14. 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

15. 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.

16. CASH AND CASH EQUIVALENTS

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Cash and bank balances	1,396,209	131,695

17. 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
	2,259	1,222

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 date.

18. CONVERTIBLE BOND

The Company entered into the Convertible Bond Subscription Agreement with Honghu Capital Company Limited ("Honghu Capital") on 9 February 2015 pursuant to which the Company agreed to issue, and Honghu Capital agreed to subscribe for, the zero coupon convertible bond ("CB") in an aggregate principal amount of HK\$200 million. The CB Subscription Agreement was approved by shareholders on 18 May 2015 and completion took place on 27 May 2015. On completion date, principal amount of HK\$200 million zero coupon CB had been issued to Honghu Capital. 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.

The effective interest rate applied on the liability component of the zero coupon CB of approximately HK\$154,436,000 is 9% per annum. The amount of approximately HK\$37,600,000 is assigned in the equity component of the CB and is included in shareholders' equity. The residual balance of approximately HK\$ 7,518,000 is added to deferred tax liability. The deferred tax liability is resulted from the temporary difference between the tax base of the zero coupon CB and the carrying amount of the liability component of the CB and it is expected that such temporary difference will be reversed according to the maturity profile of the zero coupon CB.

For the six months ended 30 September 2014, the coupon rate and effective interest rate applied on the HK\$68 million convertible bond were of 3% and 5% respectively, such convertible bond was converted into 425 million shares on 17 December 2014.

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)	—
Deferred tax liability	(7,518)	—
Equity component	(37,600)	(5,888)
Liability component		
— Liability component	154,436	62,112
— Interest expenses	4,836	4,086
Conversion of convertible bond	—	(66,198)
Total liability component	159,272	—

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities are recognised for the temporary difference on recognition of fair value gain of investment properties and on amortisation of zero coupon CB (Note 18). The movement on the deferred tax liability is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
At 1 April	4,251	3,834
Recognition of deferred tax liability from zero coupon CB	7,518	—
Charge for the period/year	(681)	417
Exchange realignment	(137)	—
	10,951	4,251

20. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2015 '000	31 March 2015 '000	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
Balance at the beginning and at the end of the period/year	25,000,000	4,000,000	2,500,000	400,000
Issued and fully paid:				
Balance at the beginning of the period/year	3,709,603	364,956	370,960	36,496
Right issue (Note (i))	—	2,919,647	—	291,964
Conversion of convertible bond (Note (ii))	—	425,000	—	42,500
Share subscription (Note (iii))	6,500,000	—	650,000	—
Balance at the end of the period/year	10,209,603	3,709,603	1,020,960	370,960

Note:

- (i) On 30 October 2014, the Company completed the rights issue on the basis of eight rights shares for every one share held on the record date. Approximately 2,919,647,000 shares were issued at a subscription price of HK\$0.1 per rights share. No share premium had credited to share premium account. The net proceeds of approximately HK\$285,307,000 were intended to be used for financing the proposed acquisition of the Properties in Shenzhen, the PRC, and for continual development. Details of the rights issue were set out in the Company's announcement dated 25 September 2014 and 29 October 2014.
- (ii) On 17 December 2014, the bondholder of the Convertible Bond has completed the conversion of Convertible Bond with principal amount of HK\$68,000,000 in full into 425,000,000 shares at the conversion price of HK\$0.16 per share.
- (iii) On 9 February 2015, CMJI and the Company entered into a Share Subscription Agreement pursuant to which CMJI agreed to subscribe for and the Company agreed to issue and allot, on the share subscription completion date, 6,500 million new shares which was determined by dividing HK\$1,300 million by HK\$0.20 each per subscription share. The Share Subscription Agreement was approved by shareholders on 18 May 2015 and completion took place on 27 May 2015. On completion date, 6,500 million subscription shares were successfully issued and allotted to Jiayao Global Investments Limited, a wholly owned subsidiary of CMJI.

21. OPERATING LEASE ARRANGEMENT

At 30 September 2015 and 31 March 2015, the total future minimum lease payments under non-cancellable operating leases with respect of office premises are as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Not later than one year	7,704	10,146
Within the second to fifth year inclusive	9,431	13,085
	17,135	23,231

22. RELATED PARTY TRANSACTIONS

Other than those disclosed in the notes elsewhere to the condensed consolidated interim financial statements, during the period, no related party transaction is entered.

23. 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.

24. COMPARATIVE FIGURES

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

25. APPROVAL OF THE INTERNAL FINANCIAL REPORT

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