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China Minsheng Drawin Technology Group Limited

中民築友科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

ANNOUNCEMENT MAJOR AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF THE JOINT VENTURE

FORMATION OF THE JOINT VENTURE

The Board is pleased to announce that on 3 March 2016, CMDTI (an indirectly wholly-owned subsidiary of the Company) and the JV Partner entered into the JV Agreement, pursuant to which the Joint Venture will be established for the continuing development of the Industrial Park. Pursuant to the JV Agreement, the Joint Venture will be held as to 51% by CMDTI and as to 49% by the JV Partner. Accordingly, the Joint Venture will be accounted for as an indirect subsidiary of the Company.

CMDTI will contribute cash in the amount of approximately RMB476 million (equivalent to approximately HK\$565 million), and the JV partner will contribute assets consisting of land use right for the Industrial Park as well as its existing properties, production equipments, facilities and construction in progress with the total value of approximately RMB457 million (equivalent to approximately HK\$543 million).

The above considerations, being the total equity investment of the Joint Venture, have been determined after arm's length negotiations between CMDTI and the JV Partner, with reference to the estimated investments required to continue the construction and development of the facilities and production lines, purchase machineries and equipment, and support general working capital of the Industrial Park.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio for the establishment of the Joint Venture by the Company (through CMDTI) exceeds 25% but is less than 100%, the establishment of the Joint Venture constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, the JV Partner is a non-wholly owned subsidiary of CMJYI, which is the Company's controlling shareholder holding 63.67% of the issued share capital of the Company as at the date of this announcement. The JV Partner is therefore a connected person of the Company, and the establishment of the Joint Venture constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the establishment of the Joint Venture by the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the JV Agreement. The Company has appointed Nuada Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further information on the terms of JV Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser; and (iv) a notice convening the SGM, is currently expected to be despatched on or before 24 March 2016.

FORMATION OF THE JOINT VENTURE

The Board is pleased to announce that on 3 March 2016, CMDTI and the JV Partner entered into the JV Agreement, pursuant to which the Joint Venture will be established for the continuing development of the Industrial Park. Pursuant to the JV Agreement, the Joint Venture will be held as to 51% by CMDTI and as to 49% by the JV Partner. Accordingly, the Joint Venture will be accounted for as an indirect subsidiary of the Company.

PRINCIPAL TERMS OF THE JV AGREEMENT

Date

3 March 2016

Parties

- (1) CMDTI, an indirect wholly-owned subsidiary of the Company; and
- (2) the JV Partner, a non-wholly owned subsidiary of CMJYI, which is the controlling shareholder of the Company, and therefore a connected person of the Company.

Capital Commitment

CMDTI will contribute cash in the amount of approximately RMB476 million (equivalent to approximately HK\$565 million), and the JV partner will contribute assets consisting of land use right for the Industrial Park as well as its existing properties, production equipments, facilities and construction in progress with the total value of approximately RMB457 million (equivalent to approximately HK\$543 million).

The above considerations, being the total equity investment of the Joint Venture, have been determined after arm's length negotiations between CMDTI and the JV Partner, with reference to the estimated investments required to continue the construction and development of the facilities and production lines, purchase machineries and equipment, and support general working capital of the Industrial Park.

The Company intends to finance its capital commitment under the JV Agreement by its internal resources and/or debt financing.

Scope of Business

Subject to the approval by relevant authority, the Joint Venture intends to engage in research and development of intelligent and environmentally friendly building construction technology; research and development, production and sales of new materials, technique, technology and equipment used in housing industrialization; technology consultancy in housing industrialization, development and operation of intelligent building; intelligent and industrialized building construction; assets leasing.

Board Composition

The board of the Joint Venture will comprise three directors, two of which will be appointed by CMDTI and the remaining one will be appointed by the JV Partner. The chairman and the vice chairman of the board of the Joint Venture will be appointed by CMDTI and the JV Partner, respectively.

Profit or Loss Sharing

The profit or loss of the Joint Venture shall be shared among CMDTI and the JV Partner in accordance with the proportion of their respective equity interest in the Joint Venture.

Conditions Precedent

Completion of the JV Agreement is conditional upon obtaining all necessary approvals and/or filings required under applicable laws and regulations, including without limitation, the Company having obtained the approval from the Independent Shareholders at a general meeting as required under the Listing Rules, and approval by and/or filing with competent authorities.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The Company considers the formation of the Joint Venture as a significant step to build its capability in the prefabricated construction business.

The Joint Venture will be established for the continuing development of the Industrial Park. At the end of 2014, the JV Partner commenced the construction of the Industrial Park in Changsha City of Hunan Province, the PRC, in view of the country's encouraging policy to facilitate environmentally friendly products to develop "green construction". As at the date of this announcement, construction of the Industrial Park (phase I) has been completed and the relevant equipment and facilities have been tested for trial operations. With the capital and the assets to be contributed by CMDTI and the JV Partner respectively, the Joint Venture intends to continue making investments in the development of the production facilities in the Industrial Park (in particular phase II development of the Industrial Park) and recruitment of personnel to join the team for operating the Industrial Park.

The Joint Venture will provide a platform for the Company and the JV Partner to contribute their respective resources, capabilities and industry expertise to continue the development of the Industrial Park. The JV Partner has already entered into a number of framework agreements with potential suppliers and customers to support the commencement of production and sales of its prefabricated units and building materials. The Joint Venture may enter into similar agreements with relevant construction contractors. In addition, the JV Partner has developed advanced technologies and know-how relating to the production of prefabricated units and building materials, which will be contributed into the Joint Venture to facilitate the development of its future business operation.

The Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the advice of the Independent Financial Adviser, and the Over-lapping Directors) is of the view that the JV Agreement and the establishment of the Joint Venture are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole. The Over-lapping Directors abstained from voting on the relevant resolutions for good corporate governance, as they also serve as directors and/or senior managers of certain shareholders and/or subsidiaries of CMJYI.

INFORMATION OF THE COMPANY

The Company was incorporated as an exempted company with limited liability in Bermuda and is listed on the Stock Exchange. It is an investment holding company with subsidiaries principally engaged in the business of property development and investment in the PRC, and upon completion of the JV Agreement, the prefabricated construction business in the PRC.

INFORMATION OF THE JV PARTNER

The JV Partner was established on 16 October 2014 in the PRC as a non-wholly owned subsidiary of CMJYI. The equity interest of the JV Partner is 80% owned by CMJYI and 20% owned by three independent third parties.

The principal business of the JV Partner includes construction, concrete prefabricated units, property development, technology consultancy in housing industrialization, research and development, production and sales of new materials, technique, technology and equipment used in construction, construction inspection service, and engineering survey and design.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio for the establishment of the Joint Venture by the Company (thorough CMDTI) exceeds 25% but is less than 100%, the establishment of the Joint Venture constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, the JV Partner is a non-wholly owned subsidiary of CMJYI, which is the Company's controlling shareholder holding 63.67% of the issued share capital of the Company as at the date of this announcement. The JV Partner is therefore a connected person of the Company, and the establishment of the Joint Venture constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the establishment of the Joint Venture by the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the JV Agreement. The Company has appointed Nuada Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further information on the terms of the JV Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser; and (iv) a notice convening the SGM, is currently expected to be despatched on or before 24 March 2016.

DEFINITIONS

“Board”	the board of Directors
“CMDTI”	China Minsheng Drawin Technology Investment Co., Ltd.* (中民築友科技投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“CMJYI”	China Minsheng Jiaye Investment Co., Ltd.* (中民嘉業投資有限公司), a company established in the PRC and the controlling shareholder of the Company
“Company”	China Minsheng Drawin Technology Group Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing, established to advise the Independent Shareholders in respect of the JV Agreement
“Independent Financial Adviser”	Nuada Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement
“Independent Shareholders”	all Shareholders other than CMJYI and, if any, any other Shareholder with a material interest in the transactions contemplated under the JV Agreement
“Industrial Park”	a construction industrial park located in Changsha City of Hunan Province, the PRC, with a total site area of approximately 235,000 square metres, for the production of property prefabricated units and building materials
“Joint Venture”	China Minsheng Drawin Technology (Changsha) Co., Ltd.* (中民築友科技(長沙)有限公司) (tentative name), a joint venture company to be established pursuant to the JV Agreement
“JV Agreement”	the agreement dated 3 March 2016 entered into between CMDTI and the JV Partner in relation to the establishment of the Joint Venture
“JV Partner”	China Minsheng Drawin Co., Ltd.* (中民築友有限公司), a company established in the PRC and a non-wholly owned subsidiary of CMJYI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Over-lapping Directors”	Mr. Mi Hongjun, Mr. Yin Jun and Ms. Fang Rong

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the JV Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 3 March 2016

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.

The exchange rate for reference purpose in this announcement is HK\$100 to RMB84.186.

** For identification purpose only*